

# AGRICULTURAL OUTLOOK

A black and white photograph of a mountainous landscape. A winding road or path leads through the valley, flanked by steep, rocky slopes. In the foreground, a small, simple building with a gabled roof is visible on the right side. The overall scene is rugged and scenic.

Economic Research Service  
United States Department of Agriculture

December 1990

EC Farmers Protest  
Profit Squeeze

**SPECIAL REPORT:**  
**1990 Farm Bill Passed**

# AGRICULTURAL OUTLOOK

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## News Of The Farm Bill, Rural Lenders, EC Farmers, Soviet Import Needs, and the General Economy

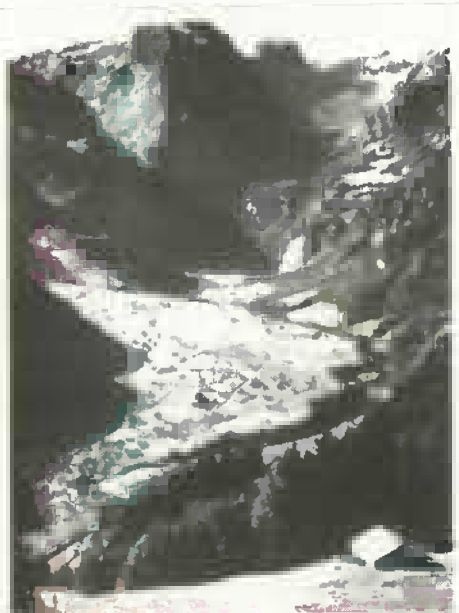
**T**he U.S. economy continues to grow very slowly, and the outlook is for more slow growth, or even a brief contraction. Given an orderly unwinding of current problems, though, growth should pick up in 1992. Longer term forecasts suggest that inflation, interest rates, and the value of the dollar will drift down. Lower interest rates would put downward pressure on farmers' production costs and a lower exchange rate would aid farm exports.

But this year's foreign crop developments have lowered prospects for U.S. exports of wheat, coarse grains, and rice. Global wheat output is expected to rise 11 percent in 1990/91, setting a record. A smaller gain in coarse grain production is likely, and world trade will slip. A record world rice crop is expected, and trade will increase only slightly.

The Soviet Union's grain crop just harvested, forecast at a near record, is holding down its imports. Overall, the value of U.S. agricultural exports to the USSR is expected to drop a fourth or more in 1990/91. Amidst a contracting economy, the Soviet government adopted a reform program in October that falls short of establishing a solid foundation for a market system. The shortcomings mean that Soviet food import needs will stay high in coming years, although there is some doubt about the Soviet ability to pay.

Rising U.S. tobacco exports are offsetting declining U.S. consumption. And the gains are from a phenomenal jump in cigarette exports. In 1990, the U.S. probably will export 160 billion cigarettes, almost three times the 1985 mark. Lower trade barriers in Japan, Taiwan, and Korea, rising incomes in importing countries, and the weakening dollar help explain the increases.

The changes in Eastern Europe and the Soviet Union also have boosted prospects for cigarette exports. U.S. manufacturers have agreed to sell over 35



billion cigarettes to the Soviet Union over the next 2 years, with further sales expected. While the Soviets will swap goods for a portion of the cigarettes, some analysts are concerned that the USSR will have trouble finding the hard currency to pay for the rest of the import surge. Soviet purchases of U.S. cigarettes likely will cost about half as much as Soviet purchases of U.S. corn.

Legislation passed in the final days of the 101st Congress will shape U.S. agriculture and food programs for the next 5 years. Program participants will have more flexibility to plant those crops most in demand, but will not receive deficiency payments on the flexed acres. Target prices will be frozen at current levels, and loan rates probably will be higher than if the 1985 law had simply been extended. For the most part, Acreage Reduction Program requirements for wheat and coarse grains will be based on estimated ending stocks relative to use for the previous year.

In the past year, EC farmers have protested the Community's farm policies, the

GATT negotiations, and a bleaker profit outlook. Changes in the Common Agricultural Policy since 1984 have disappointed EC farmers. And concerns about food safety issues such as the "mad cow disease" are cutting the demand for beef in parts of Western Europe just as beef imports from Eastern Europe are moving up. Still, EC real farm income and subsidies each rose about 9.5 percent last year.

In the mid-1980's, problems at U.S. rural banks were more pronounced than problems at larger urban banks. Now, agricultural and other rural banks are outperforming urban banks. Rural S&L's appear to be losing money more slowly than their urban counterparts. Research suggests that agricultural banks are better able to withstand a surge in loan losses than they were in the mid-1980's. Higher capitalization rates and slower loan growth account for the improvement.

The Farm Credit System continues to slowly regain its financial footing following the turnaround in farming and the federal rescue in 1987. During the first half of 1990, earnings and loan volume were up slightly from a year earlier. While third-quarter earnings slipped from a year earlier, operating income increased.

Taken together, agricultural and rural lenders have ample capacity to extend credit. However, lending standards are somewhat tighter than in the early and mid-1980's. Aside from supply considerations, demand for credit probably is slipping because of the bearish outlook for most farm commodity prices and the overall slowdown in economic activity.

U.S. apple production in 1990 is probably down 5 percent from a year ago and grower prices are rising. Wholesale prices for processed apples are up 5-15 percent from a year earlier. The contraction in output primarily reflects adverse weather in Washington and Michigan, and the 2-year cycle in tree productivity.



## Agricultural Economy



### Mild Recession Ahead?

An increasing number of private economists and market analysts have been saying that the U.S. economy is in a recession. While the evidence of a recession is incomplete, it likely would be mild by historical standards. But the risks of a sharp downturn are very real. History suggests that farm sector performance is closely tied to general economic activity.

Macroeconomic policies can be expansionary and promote real economic activity, along with some inflation, or restrictive and inhibit real growth while attacking inflation. The outlook for fiscal policy has been revised by the recent budget package. Higher taxes and lower federal spending for 1991-95 are now in the offing. While the spending cuts are scheduled to be made in the last 3 years of the package, tax increases and some slowdown in spending will occur over the next year.

The Federal Reserve has maintained a relatively tight monetary policy over the past several months. Since the budget deal was struck at the end of October, the Fed has allowed the federal funds rate to

fall about one-half of a percentage point. Market reaction suggests additional rate cuts are expected.

If the Fed focuses monetary policy on the potential for inflation, a continued tight monetary policy could result. Interest rates would not fall as much, credit flows would continue to be restricted, and real economic growth would slow even more.

Another problem may arise from the trade arena. The GATT talks are scheduled to be completed this month in Geneva, where the U.S. is making a strong case for free trade. Free trade is important to boost international economic growth. U.S. exports are expanding 5-10 percent a year, and have been critical to keeping the economy growing.

Instability in financial markets is another concern. The up to \$500-billion bailout of the S&L insurance fund is a highly visible example. S&L's and banks continue to fail and the costs to the federal deposit insurance system continue to rise.

Other examples of financial instability include: sharp increases in oil prices, volatile long-term interest rates, drops in stock prices, declining nonfarm real estate values, and the dwindling foreign exchange value of the dollar. Uncertainty and instability in financial markets dampen spending and economic growth.

### Historical Lessons?

The simultaneous occurrence of restrictive policies and financial uncertainty led some analysts to draw parallels with the late 1920's and early 1930's. The U.S. economy experienced strong growth in the late 1920's, with real GNP growth averaging about 4 percent annually during 1925-29. But the economy faltered, leading to financial failures, and in retrospect, policy mistakes that led to the Great Depression.

The policies undertaken during 1930-32 were: higher income tax rates, heightened protectionism through increased tariffs, and a restrictive monetary policy implemented by the Fed. Financial instability also was rampant.

The increases in tax rates in the early 1930's were the largest on record: lower income earners saw their tax rates rise 6- to 8-fold, and higher income earners saw their rates double or triple. Similarly, tariff rates were raised sharply. The average rate jumped from 38 percent in 1925 to 59 percent in 1932.

The Fed's very tight monetary policy of the early 1930's and the contraction of the money supply by one-third during 1929-33 are well-documented. In 1929, there were over 25,000 banks; by 1933, more than 10,000 had failed.

The financial instability and the changes in tax rates, tariffs, and monetary policy during the early 1930's were extreme—and the resulting downturn in the economy was also extreme. During 1929-1933, real output in the U.S. fell more than 30 percent.

### 1980's Agriculture Paralleled the 1920's

In 1921, and again in 1981, expectations of ever-increasing farm income were dashed, setting off downward adjustments in farm asset values. Real farmland values fell 26 percent during 1921-28 and 48 percent during 1981-88.

During both the 1920's and the 1980's, prices received by farmers fell relative to prices paid for production items. In the 1920's, prices received fell 30 percent, while prices paid fell by a smaller 25 percent. In the 1980's, prices received increased 10 percent while prices paid rose 20 percent.

Real net farm income also behaved similarly across the two periods. Income was essentially the same in 1929 as in 1919. Likewise for income in 1989 compared with 1979. However, it plunged early in each period (50 percent over 1920-21 and 46 percent over 1979-80) and then recovered by the end of each decade.

Finally, real agricultural exports fell about 22 percent during the 1920's and about 16 percent during the 1980's.

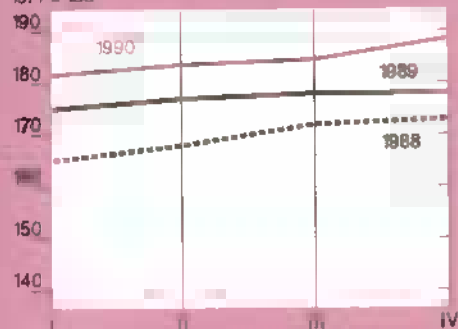
Agriculture moved down along with the rest of the economy during the 1929-

## Prime Indicators

## Agricultural Economy

Index of prices paid by farmers

1977 = 100

Index of prices received by farmers<sup>1</sup>

1977 = 100



Ratio of prices received/prices paid

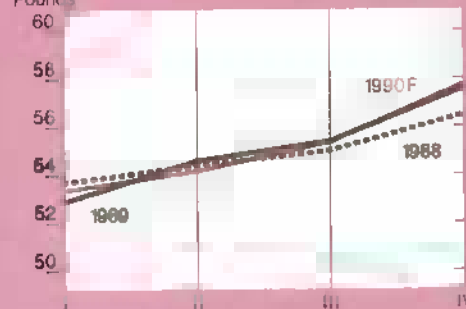
Percent

Total red meat & poultry production<sup>2</sup>

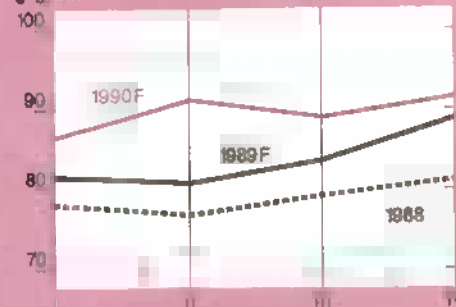
Billion

Red meat & poultry consumption, per capita<sup>2,3</sup>

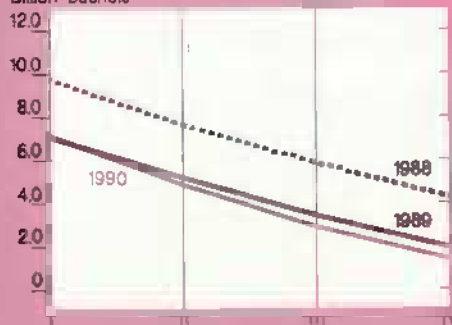
Pounds

Cash receipts from livestock & products<sup>4</sup>

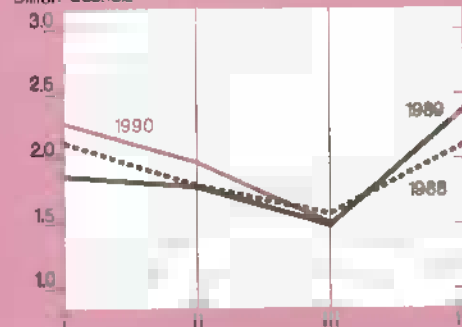
\$ billion

Corn beginning stocks<sup>5</sup>

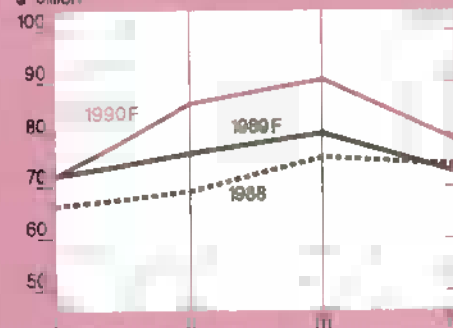
Billion bushels

Corn disappearance<sup>5</sup>

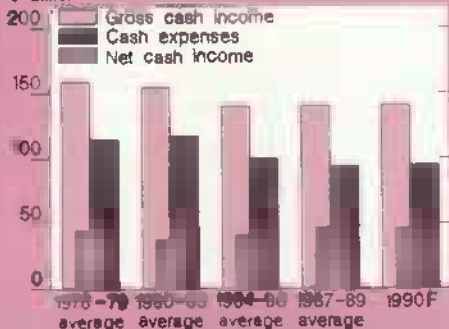
Billion bushels

Cash receipts from crops<sup>4</sup>

\$ billion

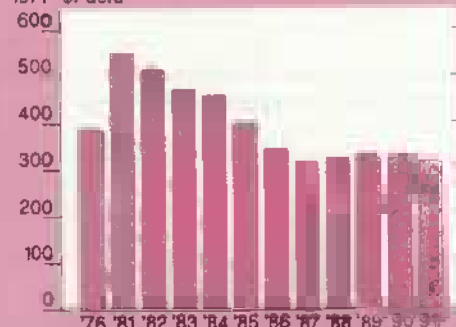
Real cash income<sup>6</sup>

\$ billion



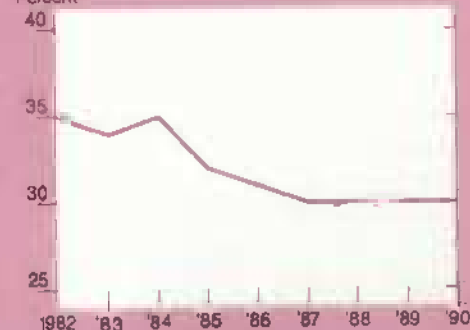
Average real value of farm real estate

1977 \$/acre



Farm value/retail food costs

Percent



<sup>1</sup>For all farm products. <sup>2</sup>Calendar quarters. Future quarters are forecasts for livestock, corn, and cash receipts. <sup>3</sup>Retail weight. <sup>4</sup>Seasonally adjusted annual rate. <sup>5</sup>I=Dec.-Feb.; II=Mar.-May; III=June-Aug.; IV=Sept.-Nov. <sup>6</sup>Cash expenses plus net cash income equals gross cash income. F=forecast.

## Agricultural Economy

1933 contraction. All the key indicators slipped sharply: real farmland values, down 14 percent; prices received, down 52 percent; prices paid, down 50 percent; and real agricultural exports, down 50 percent.

### Today's Problems Are Less Severe

Upon closer examination, though, today's policy shifts and instabilities are not nearly as severe as those of the early 1930's, despite the parallels. While the recent federal budget package reduces the expansionary nature of fiscal policy, the package certainly is not excessively restrictive. Most individuals' income tax rates will not change.

Also, the spending cuts are largely either cuts from planned growth in expenditures, or planned cuts from a year earlier that depend on future economic growth. Specifically, the planned spending cuts could be eased significantly if the economy performs worse than some fairly optimistic assumptions spelled out in the package.

Similarly, policymakers at the Fed are not likely to continue with a contractionary monetary policy if real growth and prices weaken significantly. In fact, today's interest rates would be even higher if the Fed were continuing to fight inflation with the same fervor that it did in the 1980's.

While overall consumer confidence has dropped recently, confidence in the banking system is higher than in the late 1920's-early 1930's, in part because of federal deposit insurance. Extremely low confidence in the banking system was a key contributor to the depth and duration of the Great Depression, when no deposit insurance existed.

Back then, banks held off from making loans to keep cash on hand, thus reassuring depositors. But with fewer loans, many companies contracted or went out of business.

Today, federal deposit insurance has broken this causal chain. The bailout of the S&L insurance fund has shown deposi-

tors that taxpayers stand behind the insured banks and S&L's. More banking and S&L problems would mean greater taxpayer liability, and perhaps more regulation, but credit availability would not tighten to the degree it did in the 1930's.

Still, higher taxes over many years to pay for financial institution problems would

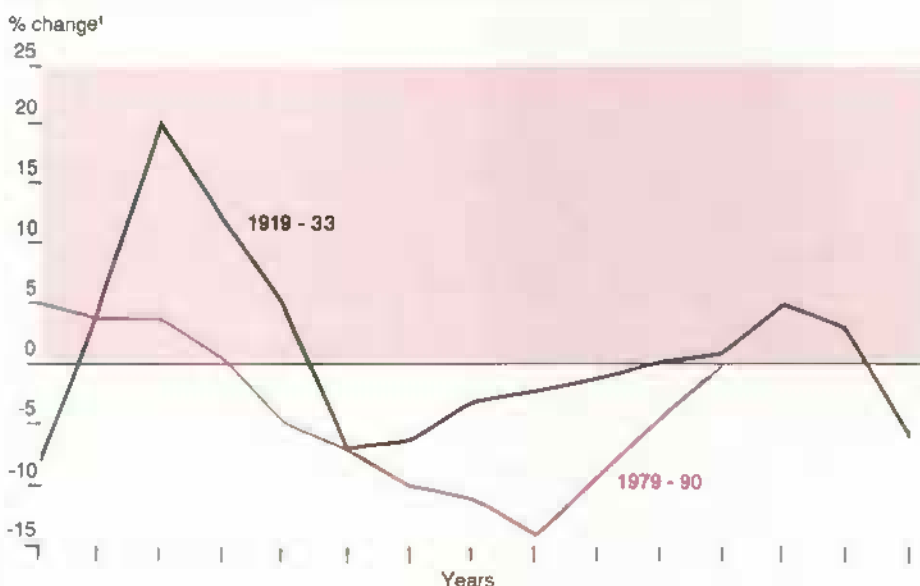
cut consumer spending and slow economic growth. The questions are: how much will deposit insurance cost taxpayers, and how much will economic growth slow?

Finally, a spiral in international protectionism on a scale of the 1930's does not appear likely. Even if protectionist poli-

Movements in Real Net Farm Income in 1979-90 Mirrored Those in 1919-30 . . .



. . . And Movements in Real Farmland Values Were Also Similar



<sup>1</sup>In 3-year moving average.  
1990 estimated.



cies increase, the world's economies probably would evolve into competing "free trade areas." So trade would not contract as much as it did in the 1930's.

## The Outlook: More Slow-Growth

While there is the potential for a mild recession, and a slim chance for a severe downturn, the outlook is for continued mediocre growth in the economy over the next year. This assumes that war does not break out in the Middle East. And it assumes that the problems described above will not get out of hand.

The current quarter will be especially weak, though, possibly showing a significant drop in real economic activity. The economy also looks fairly weak for the first half of 1991, but likely will revive thereafter.

Agriculture draws support from a stable macroeconomic environment. But both agriculture and the general economy would benefit from factors that promote free trade (such as a GATT agreement this winter) and financial stability. (John Kitchen (202) 219-0782 and Gregory Gajewski (202) 219-0313) **AO**

# Livestock, Dairy & Poultry Overview

*The October 1 cattle on feed inventory was 10 percent above a year ago. Greater placements and lower marketings during the summer were responsible. Commercial cattle slaughter in the fourth quarter is expected to be down 2-3 percent from a year ago, and fed steer and retail beef prices in 1991 are expected to average 5-6 percent higher than this year.*

*Hog slaughter in October was 8 percent below a year ago. Slaughter rates continued declining in November.*

*Turkey prices continued rising in October and were above a year earlier, reflecting moderate production growth and relatively high red meat prices. Broiler production for 1990 likely will increase 6 percent from a year ago. Wholesale and retail broiler prices have fallen, but higher red meat prices have tempered the decline.*

## Beef Output Slipping

The 13-state cattle on feed quarterly inventory was 9.1 million head on October 1, 10 percent above a year ago. This was a stronger-than-normal seasonal expansion from the July 1 inventory of 8.8 million head, which was up only 1 percent from a year ago.

The expanded inventory was due to greater placements and lower marketings. Fed cattle marketings for the third quarter were 5.7 million head, 3 percent below a year earlier. And 6.3 million cattle were placed on feed, 11 percent more than a year ago.

The October 1 inventory showed an unusually large increase in the numbers of steers and heifers under 500 pounds on feed, up 51 percent and 64 percent from a year earlier. The expanded number of lightweight cattle on feed reflects less favorable pasture and range conditions during the summer.

Recently improving pasture and range conditions plus already large movements will reduce the pressures to place lightweight cattle on feed this quarter. As a result, quarterly placements likely are running well below last year's 7.3 million head. Producers intend to market 5.5 million head this quarter, 2 percent more than a year ago.

Fed cattle slaughter is expected to expand 1-3 percent during 1991 and represent 79 percent of the total slaughter. This compares with 78 percent this year. But cow slaughter will remain below 6 million head, indicating slow but continued herd rebuilding.

Overall, beef production in 1991 is expected to rise over 1 percent from this year, with most of the increase occurring during the last half.

Commercial cattle slaughter in October was 1 percent below a year ago despite an additional slaughter day. Slaughter this quarter probably will be 8.2 million head, down 3 percent.

Cattle on feed in the seven monthly reporting states on November 1 were the largest for that date since 1978. The inventory was pushed up by continued large placements and lower marketings.

Placements in October were up 4 percent, and the fourth largest on record. Marketings during the month were down 1 percent. However, adjusted for an additional slaughter day, marketings were down 5-7 percent. October's decline in cattle slaughter occurred while average dressed weights continued up at a record-setting pace.

Despite the heavy dressed weights, large discounts for heavy cattle have not been reported. Some suggest that heavier placement weights and changing cattle genetics (meaning heavier but leaner beef) explain why there is no discount. So, over-finished fed cattle do not appear to be a problem. Total beef production this quarter is now expected to be about 2 percent below last year.

Omaha fed steer prices for 1990 are averaging about \$77 per cwt and retail Choice beef prices are averaging near \$2.80 per pound. Given ample grain and forage supplies, feeder steer prices are expected to average \$1-\$2 higher in 1991, compared with about \$90 this year. Utility cow prices are expected to average \$1 or so higher than in 1990, when they likely averaged \$53.

Fed steer prices at Omaha held in the upper \$70's per cwt in recent weeks due to tight red meat supplies. If cattle slaughter rates increased in November and continue rising in December, prices likely will slip as retailers shift toward more traditional turkey and ham holiday features.

Choice retail beef prices averaged \$2.83 a pound during October and are expected to hold about steady in coming months. Reduced cattle slaughter has contributed

## Agricultural Economy

to the narrowing of the farm-to-wholesale beef price spread—October's spread was 21.9 cents a pound, compared with May's 24.4 cents.

### Hog Prices Expected Down

Hog prices at the seven markets in October averaged about \$10 per cwt above a year ago and \$2 higher than in September. However, live prices broke sharply in late October as belly and loin prices fell and cutout values declined. Ample supplies of pork and turkeys are expected to hold down prices, especially late in the year and in early 1991.

Retail pork prices are near record highs because supplies remain tight. But if supplies increase as expected, wholesale prices are likely to drop, enticing retailers to feature pork. So retail prices are expected to retreat in late 1990 and early 1991.

Hog slaughter in October was about 7 percent below a year ago, after adjusting for the additional slaughter day. Slaughter was lower than expected because the September 1 market inventory of hogs weighing 120-179 pounds was down 4 percent from a year ago.

The seven-market barrow and gilt weights are above a year ago, suggesting that marketings may not be current. Thus, slaughter rates in November and December probably are rising, although still below a year ago, making pork more plentiful.

In February 1989, the U.S. International Trade Commission (USITC) determined that imports of fresh, chilled, and frozen pork from Canada threatened U.S. producers with injury. Following the imposition of a countervailing duty on U.S. imports of Canadian fresh, chilled, and frozen pork in May 1989, Canada appealed the duty to the Binational Dispute Settlement Panel under the terms of the U.S.-Canadian Free Trade Agreement.

In September, the panel sent the case back to the USITC for reconsideration on the grounds that the statistics and meth-

ods used to calculate Canadian production and trade shares were incorrect.

A major factor in the panel's decision was a perceived overstatement of Canadian production growth resulting from a change in Canadian carcass conversion factors during the investigation.

On October 23, the USITC upheld its original findings of threat of injury from imports of Canadian pork. Canada filed with the binational panel for a reinvestigation of those findings on November 7, with responses to follow 7 days after the Canadian briefs.

The binational panel will issue a decision by January 22, 1991, and will base its decision on two factors: was the ruling in accordance with law, and was the decision supported by the data.

If the panel upholds the USITC decision, Canada can mount an extraordinary challenge only if it can prove gross errors in the panel's ruling. If the panel finds that the USITC decision fails to meet the two criteria, it can send the case back to the USITC for reconsideration. The process would then repeat itself.

### Turkey Prices Rise While Broiler Prices Slip

Wholesale turkey prices rose in October and were above a year earlier; hens sold at the highest price in 2 years. The price strength reflects moderate production growth in the second half and relatively high red meat prices. Eastern region hens likely are averaging 69-71 cents per pound this quarter, up from 66.3 cents in the third quarter.

Prices in November were tempered by the drawdown of large stocks. Turkey stocks on October 1 reached a near-record 617 million pounds, but this was not considered excessive relative to use.

For the year, turkey hen prices probably will average 63-64 cents, down from 67 cents a year ago. Retail whole bird prices are expected to average about \$1.00 for the year, about the same as in 1989. Fourth-quarter prices are running around 98 cents, slightly above last year.

Turkey output during the fourth quarter is forecast up about 5 percent from a year earlier, with annual production up about 9 percent. Average returns for the year are estimated to be only slightly above breakeven.

Given the better returns late this year, turkey production next year is projected to increase about 6 percent. First-quarter production probably will grow at about the same rate.

Broiler production for 1990 is probably increasing over 6 percent from a year earlier, to about 18.4 billion pounds. Chicks hatched in August and September indicate that fourth-quarter production is rising nearly 6 percent.

Because of the larger supplies, wholesale and retail broiler prices have fallen below a year earlier, but record beef and pork retail prices have stopped them from declining further.

Fourth-quarter wholesale prices for broilers are expected to average 48-50 cents per pound and retail prices likely will be 82-88 cents, about 5 percent below last year. The 12-city average wholesale price for all of 1990 is expected to be 54-55 cents, down from last year's 59 cents. Retail prices likely will average in the high 80's, down from 93 cents in 1989.

Average net returns to broiler producers have continued to be positive throughout 1990, but slightly below last year, primarily because of lower broiler prices. Feed costs, however, have averaged lower as well. Production is expected to grow 5-6 percent in 1991, down slightly from this year's growth rate.

### More Eggs in 1991

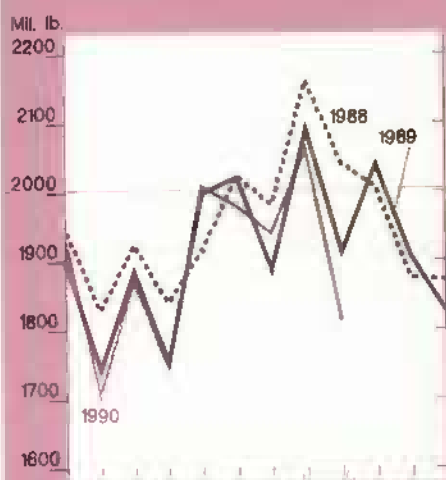
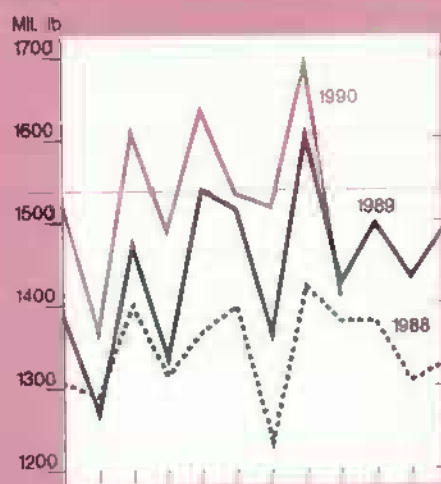
Total egg production during 1991 is estimated to be 1 percent above 1990 as table egg producers continue to expand slowly. This year's total output is also about 1 percent above a year ago, with this quarter's production increasing at about the same rate. However, table egg production for the fourth quarter—and the year—is expected to increase only fractionally.



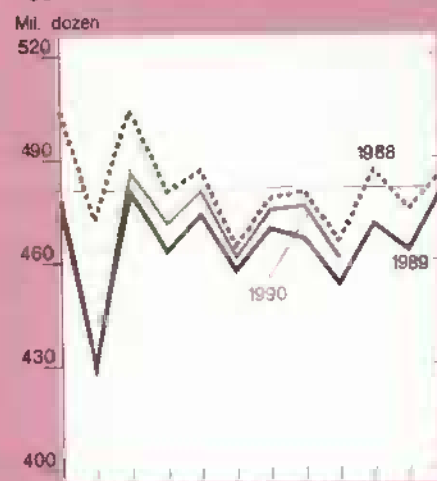
## Livestock and Product Output

## Agricultural Economy

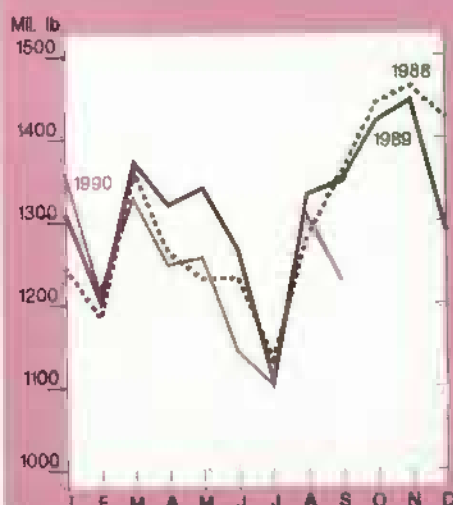
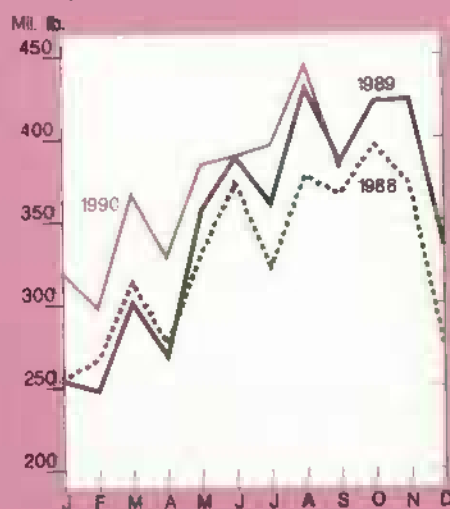
Commercial beef

Broilers<sup>1</sup>

Eggs



Commercial pork

Turkeys<sup>1</sup>

Milk



<sup>1</sup>Federally inspected production, ready-to-cook.

The supply of cartoned eggs was constrained, at least briefly, by restrictions placed on some Midwestern production facilities because of salmonella enteritidis infections. Eggs produced by a 2.3-million-bird complex were initially diverted from the table egg market to the breaker egg market or to storage.

However, some of the eggs placed in storage have been cleared for sale as table eggs. These eggs were from flocks free of salmonella enteritidis but in a complex that includes some infected flocks. If large numbers of such eggs move to the table egg market, prices could weaken. Yet additional flocks may be restricted, pending the results of

an investigation by the USDA Salmonella Enteritidis Task Force.

Although prices early this quarter were above a year ago, wholesale Grade A large eggs in New York are expected to average 84-86 cents per dozen during October-December, down from 93 cents in 1989. Prices for all of 1990 are expected to average 81-82 cents and then slip to 71-77 cents in 1991.

Retail prices in 1991 are expected to average 84-90 cents, 13 percent below a year earlier. Retail prices this quarter for Grade A large eggs probably will remain strong, near \$1.00. Annual retail prices for 1990 should average in the high 90's, about the same as in 1989.

### Milk Prices Plummet

Since the third quarter, milk prices have been falling. Farm milk prices in 1991 are expected to continue down, falling \$2-\$3 per cwt from this year's average of almost \$14. Larger milk production, weaker disappearance of skim milk-based products, and a return to more normal market conditions are causing the drops.

Farm milk prices had begun to drop by early autumn, reflecting the July-September collapse in prices of manufactured dairy products. Prices of milk for manufacturing always change first. The Minnesota-Wisconsin price of manufacturing grade milk, the benchmark for most milk

## Agricultural Economy

prices, was \$10.48 in October, down almost \$3.00 since July and almost \$3.40 below a year earlier.

The October average of all milk prices fell \$1.60 from a year ago. Average farm milk prices will continue dropping for the remainder of the year.

**For further information, contact:** Shayle Shagam and Ken Nelson, coordinators; John Ginzel, cattle; Leland Southard, hogs; Lee Christensen, Agnes Perez, and Larry Witucki, poultry; Jim Miller and Sara Short, dairy. All are at (202) 219-1285. **AO**

## Field Crops Overview

*World wheat output in 1990/91 is forecast to reach a record 593 million tons, up 11 percent from a year earlier. U.S. trade prospects have been dampened by greater production in major importing and exporting countries.*

*A record world rice crop is likely in 1990/91. The abundant Asian crop and the U.N. embargo of trade with Iraq have reduced calendar 1990 and 1991 trade prospects for the U.S. The U.S. crop is about the same as a year earlier, but forecast exports are down 5 percent.*

*World coarse grain output is also up, but by a smaller percentage than wheat. Although U.S. corn production is up about 5 percent from a year earlier and exports are forecast to drop, domestic use is likely to increase, causing ending stocks to decline modestly.*

### Global Wheat Crop Sets a Record

World wheat output is forecast to jump 11 percent, the largest 1-year increase since the late 1970's. Production by the U.S. and Canada probably rose 35 and 27 percent. Other large exporters, like the EC and Australia, are expected to record smaller increases.

Production is also up among major wheat importers. The Soviets, for example, are expected to harvest a bumper wheat crop of 108 million tons. Moreover, the overall Soviet grain crop, forecast to be 235 million tons, is very close to its 1978 record of 237 million. This year's Soviet output gain continues the upward trend of the 1980's.

For the Soviets, short-term factors like good weather, and long-term factors like implementation of the intensive technology program (IT), appear to have boosted crop production. Initiated in a major way in the early 1980's, IT is intended to enable Soviet farmers to make better use of fertilizers, pesticides, and herbicides for grain crops.

World grain markets have seen little import activity by the Soviets in the current marketing year. But recently, the Soviets were reported to have purchased 3 million tons of Canadian wheat. And they purchased small amounts of subsidized EC wheat flour. The Soviets were presented with a U.S. EEP flour offer, although they have not yet responded.

Soviet flour purchases are rare. Their flour purchases this fall were probably made to prevent the recurrence of brief shortages of bread in some stores.

China, the world's second largest importer, also is expected to harvest a record wheat crop, up 6 percent from last year's record.

Signs of an evolving buyers' market are obvious: both EC restitutions and U.S. EEP bonuses are up. EC restitutions in September were the highest since October 1988, and U.S. EEP bonuses are the highest since October 1985. Some exporters, like the EC and Canada, are offering credit incentives to the Soviets. However, no offers of subsidized credit have been made by the U.S.

With U.S. wheat yields in 1990 at a record 39.6 bushels per acre and area harvested up from a year earlier, U.S. output is just below the 1982 record. Wheat supplies are increasing for the first time in 4 years, despite lower beginning stocks.

Domestic use of wheat in 1990/91 is forecast to increase, even with lower exports and seed use, because low wheat prices are increasing livestock feeding and residual uses. Ending stocks are forecast up 76 percent from a year earlier to 945 million bushels.

Winter wheat plantings have progressed normally, despite some areas of dryness. Planted area for 1991 harvest is likely to be down because of the higher Acreage Reduction Program requirement (up from 5 to 15 percent), the planting flexibility in the new farm legislation, and low wheat prices.

### Global Rice Crop Up Slightly

World rice production is forecast to reach a record 345 million tons (milled basis) in 1990/91, slightly above 1989/90. Foreign output likely will be a record 340 million tons. Both world consumption and stocks are expected to rise marginally.

Abundant Asian crops and the U.N. embargo of trade with Iraq have reduced trade for this calendar year and prospects for next year. World trade this year is forecast to be 12.1 million tons, down 19 percent from 1989. And trade in 1991 is projected up just 7 percent to 13.0 million tons.

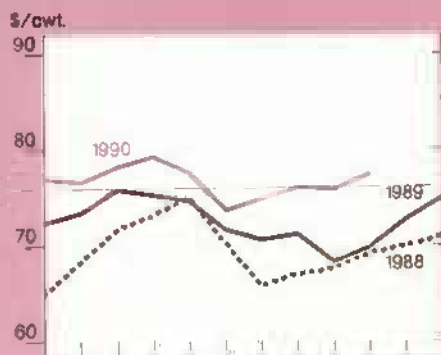
Iraq, the fourth largest importer in 1989, accounted for 4 percent of global imports. Further, Iraq was the largest market for U.S. rice last year, taking about 13 percent of U.S. exports. Total Iraqi imports in 1991 are now expected to be cut 44 percent, primarily because of the U.N. embargo. The embargo had a smaller impact on 1990 imports because most of the rice had already been delivered before the embargo was imposed.

U.S. rice production in the 1990/91 marketing year (August-July) is probably 154.4 million cwt, about the same as a year earlier. A 4.5-percent gain in area is being offset by lower projected yields. At 5,499 pounds per acre, estimated yields are down more than 4 percent from 1989/90.

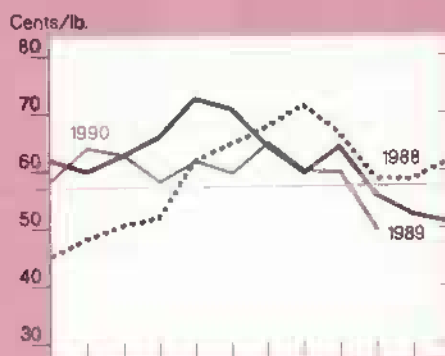
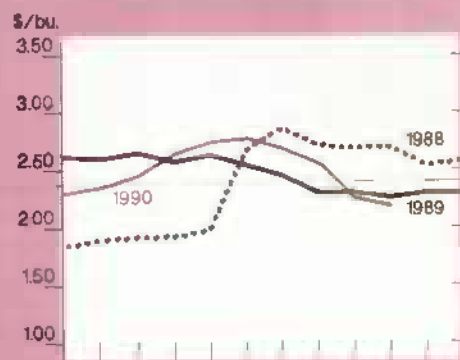
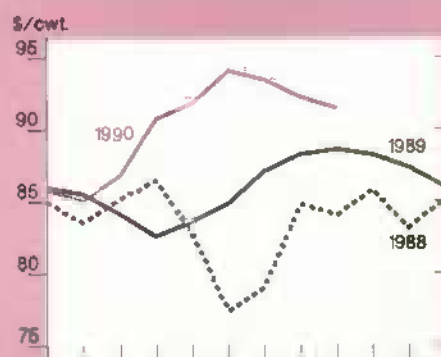
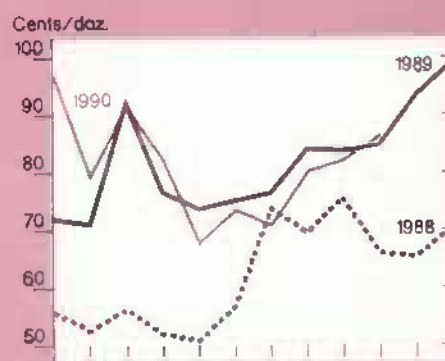
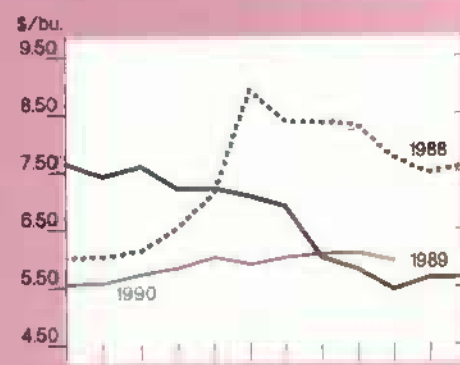
## Commodity Market Prices

## Agricultural Economy

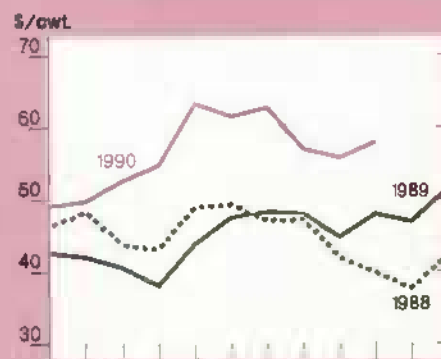
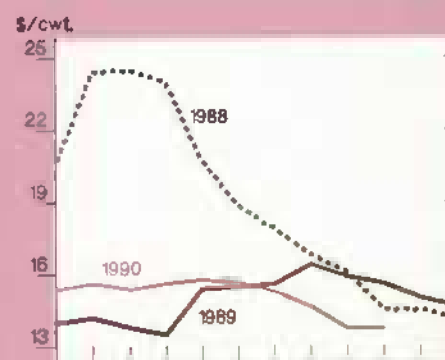
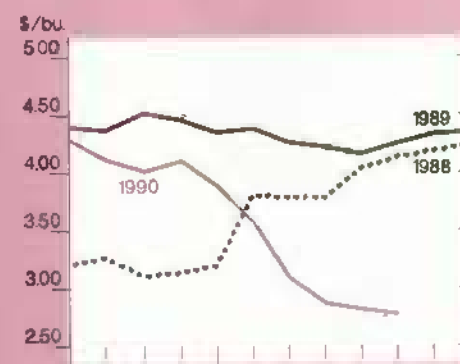
Choice steers, Omaha



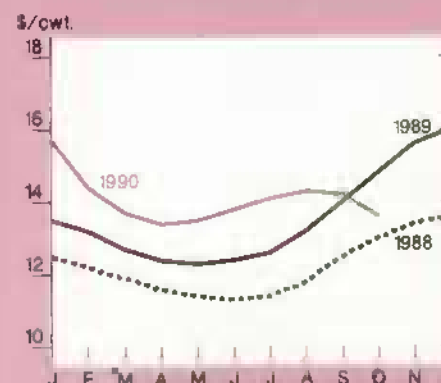
Broilers, 12-city average

Corn, Central Illinois<sup>1</sup>Feeder cattle, Kansas City<sup>2,3</sup>Eggs, New York<sup>4</sup>Soybeans, Central Illinois<sup>5</sup>

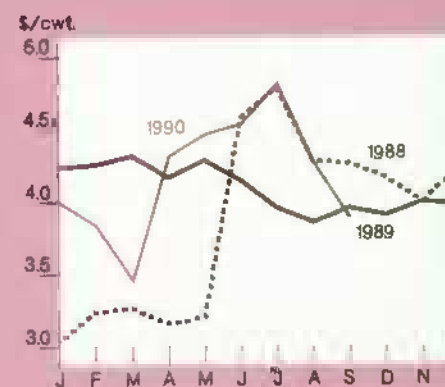
Barrows and gilts, 7 markets, Omaha

Milled rice, SW Louisiana<sup>6</sup>Wheat, Kansas City<sup>7</sup>

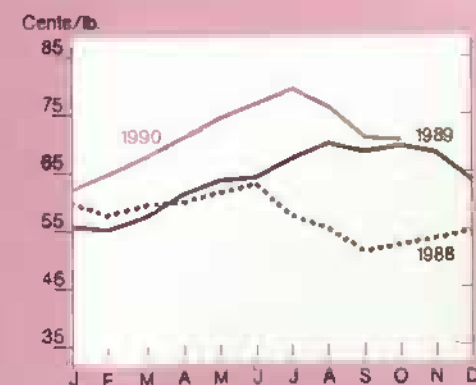
All milk



Sorghum, Kansas City



Cotton, average spot market

<sup>1</sup>No. 2 yellow<sup>2</sup>600-700 lbs. medium no. 2<sup>3</sup>Current data not available<sup>4</sup>Grade A large.<sup>5</sup>No. 1 yellow.<sup>6</sup>U.S. No. 2, long-grain.<sup>7</sup>No. 1 HRW.



## Agricultural Economy

### Global Trade Prospects Are Weakening

	1988/89	1989/90	1990/91
<i>Million metric tons</i>			
<b>WORLD</b>			
Wheat			
Production	500	536	593
Use	531	536	567
Exports	97	97	95
Ending stocks	117	118	144
Corn			
Production	401	461	468
Use	459	478	473
Exports	64	74	64
Ending stocks	87	70	66
Soybeans			
Production	96	106	106
Use	98	104	107
Exports	23	26	26
Ending stocks	18	20	19
<b>UNITED STATES</b>			
Wheat			
Production	49	55	75
Use	27	27	35
Exports	39	34	29
Ending stocks	19	15	26
Corn			
Production	125	191	202
Use	133	146	153
Exports	52	60	51
Ending stocks	49	34	31
Soybeans			
Production	42	52	52
Use	31	34	35
Exports	14	17	17
Ending stocks	5	7	7

Note: Exports of wheat and corn do not include intra-EC trade shipments. Data are for marketing years. The wheat year is July/June, and the soybean and corn marketing years are October/September.

U.S. exports in 1990/91 are forecast to fall 5 percent from a year earlier to 73 million cwt, due to reduced world trade. However, U.S. exports may increase to Eastern Europe, Africa, and Latin America.

For the fifth straight year, U.S. production is expected to fall short of total use. As a result, stocks will fall again in 1990/91, even though imports will rise. The imports are primarily specialty rice varieties—such as basmati and jasmine—not grown in the U.S.

### Foreign Corn Exports To Slip

World coarse grain output is forecast to rise in 1990/91, but by a smaller percentage than wheat. Foreign coarse grain production is expected to reach a record 590 million tons.

Among the major coarse grain exporters, production is up 2.4 million tons. China's and Canada's output probably rose 8 and 9 percent. And U.S. output is forecast to have risen 4 percent.

Total production changes by major importers offset one another. Overall output by major importers likely would

be down sharply without the anticipated strong jump in USSR production.

EC output is forecast to have declined 7 percent. This is primarily due to the smallest French corn crop in almost a decade. A drought hit many growing areas there this summer.

East European output probably fell almost 11 percent from a year earlier, due almost entirely to weather-induced shortfalls in the southern-tier countries (Hungary, Yugoslavia, Romania, and Bulgaria). In contrast, supplies are generally larger among the northern-tier countries.

Exporters are not likely to benefit much from the shortfall. Limited credit and hard currency earnings probably will prevent East European coarse grain imports from exceeding 90 percent of last year's purchases.

Foreign exports of corn are forecast to fall 8 percent in 1990/91. Among the four top foreign exporters of corn, Argentina and China are expected to increase total shipments by 2.2 million tons. However, combined South African and Thai exports are likely to fall by 2.1 million tons.

### U.S. Has Near-Record Corn Yields

By the end of October, the pace of the 1990 U.S. corn harvest lagged. Nonetheless, as autumn progressed, the pace gained momentum. In contrast to corn, the sorghum crop matured somewhat ahead of schedule, allowing harvesting to move slightly ahead of normal.

The size of the corn crop, although revised downward modestly in October and November, is estimated to be almost 8 billion bushels, about 400 million larger than in 1989/90. The downward revisions mostly reflect likely yield losses in Illinois, Iowa, and Nebraska.

Overall corn yields, averaging 119 bushels per acre, are just below record. But with 1990/91 beginning stocks down 600 million bushels, total supplies are about 150 million smaller than a year earlier.

Corn used for feed in 1990/91 is forecast to be 4.7 billion bushels, up 5 percent from a year ago. But this will not be enough to offset the relatively large expected decline in corn exports.

However, the forecast for food, seed, and industrial uses was raised 20 million bushels because high oil prices are expected to promote increased ethanol use and production.

As a result, 1990/91 ending stocks are forecast to decline modestly. Average farm prices are expected to be \$2.20-\$2.60 per bushel, about the same as a year earlier.

### U.S. Soybean Output Down Slightly

World oilseed production is forecast to rise 3 percent to a record 217.5 million tons in 1990/91. Foreign production is expected to rise 5.8 million tons. U.S. output will rise by almost 450,000 tons to 59.7 million tons. Most of the rise in foreign output is from China and the EC, up 3.9 and 1.4 million tons.

Global soybean production, accounting for more than one-half of total oilseeds, is forecast virtually the same as last year, 106 million tons. Brazilian and Argentine soybean output is expected to fall 1 million tons from a year ago. A small decline in U.S. soybean exports, forecast to be 16.6 million tons, will be more than offset by a 9-percent rise in U.S. soybean meal exports, forecast to be 5 million tons.

The November *Crop Production* report placed U.S. soybean output in 1990 at 1.9 billion bushels, down slightly from a year ago. Yields are expected to be near trend and above last year. The drop in production stems mainly from less acreage planted in 1990—more than 3 million less than in 1989.

Domestic soybean meal use in 1990/91, forecast to be 22.8 million short tons, is likely to exceed last year's record. Rising profits from livestock, aided by moderate grain prices, should boost meal use. Season-ending soybean stocks for the 1990/91 crop year are expected to be 255 million bushels, up 7 percent from a year earlier.

### World Cotton Crop Up 9 Percent

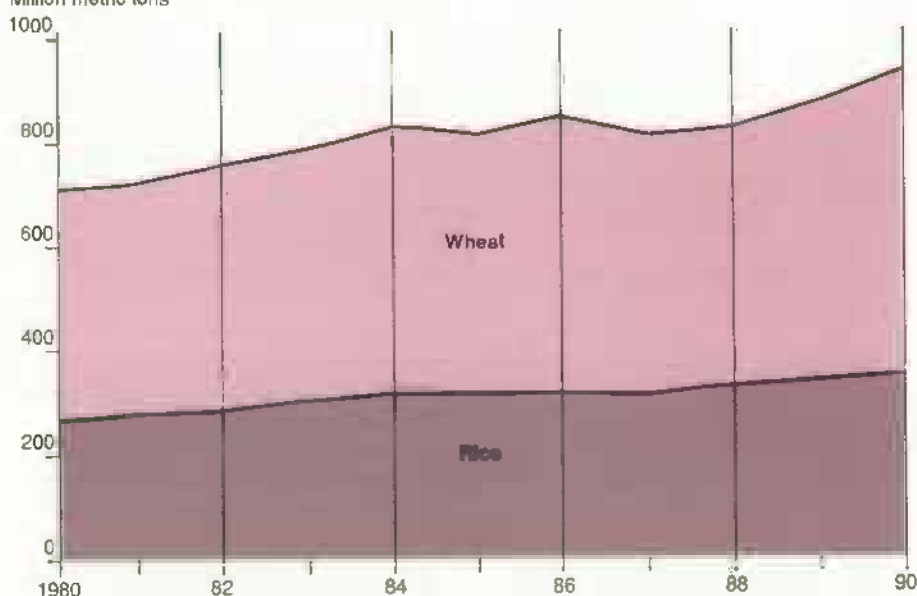
Global cotton output is forecast to be near 87 million bales for 1990/91. Downward revisions in expectations for China's crop and a sharp decline in China's stocks mean supplies there will remain tight. However, the USSR's harvest prospects went up 3 percent, and India, the fourth largest producer, is expected to have another bumper crop.

U.S. cotton production in 1990/91 likely reached 14.9 million bales, up 22 percent from a year earlier. The forecast rose slightly from earlier estimates because of improved weather. Total projected off-take also rose to 15.4 million bales—8.4 million for domestic mill use and 7 million for exports.

Coupled with the expected continued strong foreign and domestic demand, U.S. ending stocks probably will be only 2.6 million bales. Stocks will equal 17 percent of use—a post World War II low. [Tom Bickerton (202) 219-0826 and Jim Cole (202) 219-0840]

World Food Grain Production Sets a Record

Million metric tons



Aggregate of local marketing years.

For further information, contact: Sara Schwartz, world food grains; Edward Allen, domestic wheat; Janet Livezey, domestic rice; Pete Riley, world feed grains; Larry Van Meir and Jim Cole, domestic feed grains; Cathy McKinnell, world oilseeds; Roger Hoskin, domestic oilseeds; Carolyn Whitton, world cotton; Scott Sanford, domestic cotton; Jim Schaub, domestic peanuts. World information (202) 219-0820; domestic (202) 219-0831. **AO**

## Agricultural Economy

# Specialty Crops Overview

*U.S. fall potato production is forecast up 5 percent from a year ago. But, due to a strong export market for frozen fries and an expected increase in shrinkage and loss, prices should dip only slightly.*

*Apple production in 1990 is forecast down 5 percent from a year ago, and average grower prices are expected up substantially. Processors are reportedly paying higher prices as well, and wholesale prices for processed apple products are being quoted 5 to 15 percent higher than a year earlier.*

*The large Florida orange crop, forecast 50 percent greater than last year's freeze-damaged crop, is driving down prices. But smaller navel and valencia orange crops are likely in California.*

## Potato Crop Up Slightly

U.S. fall potato production is forecast up 5 percent from a year ago—planted and harvested area were up 6 percent from a year earlier. The largest gains occurred in Idaho where output rose 10 million cwt to a record 112 million. Production for all Western states rose 6 percent. Production rose 1 percent in the Eastern states and 7 percent in the Central states.

Total U.S. potato output in 1990 is estimated to be 393 million cwt—up 6 percent from a year earlier. Fall production accounts for about 87 percent of the total. The size of the fall crop mainly determines the season average price.

For the third year in a row, drought-reduced yields in the Red River Valley appear to be a major factor driving potato prices. Hot, dry conditions in late summer held output to 115 cwt per acre in North Dakota, where yields for the 5 years prior to 1988 averaged 170 cwt. If yields had been normal, potato production for North Dakota would have been 8

million cwt higher than the 17 million cwt now expected.

The average grower price for the 1989 crop (370 million cwt) is estimated to have been \$7.36 per cwt. Prices for 1990 potatoes likely will slip a little. However, prices are not expected to collapse because of continuing strong demand for potatoes, especially french fries. In addition, poor growing conditions late in the season probably increased shrinkage and loss. Grower prices in October averaged \$4.97 per cwt, down 1 percent from a year ago.

Exports continue to improve the potato market outlook. Exports of U.S. fries (mostly to Japan) increased 28 percent during January-August 1990 and rose 20 percent for all of 1989. For 1988/89 (October-September), frozen french fry exports were 8.4 million cwt (fresh-weight equivalent), 2.4 percent of the 1988 potato crop.

## Apple Prices Are Rebounding

Smaller apple crops in the Western and Central states this year are boosting fresh apple prices substantially above the past two seasons. Higher grower prices for processing apples are expected as well.

The final forecast for the 1990 apple crop is 9.5 billion pounds, 5 percent less than a year ago. Production is down 6 percent in Washington, the largest producing state, due to abnormally hot weather. Output in Michigan, where adverse weather during the spring blossom reduced pollination, is down 21 percent. New York production is expected 3 percent higher. New York and Michigan were the second and third largest producers in 1989.

Grower prices in October for fresh market apples averaged 19.4 cents a pound, up 36 percent from a year earlier. Although grower prices for processing apples will not be reported by USDA until January, processors reportedly are paying more. Wholesale prices for processed apple products are being quoted 5 to 15 percent higher than a year earlier.

## Florida Orange Crop Up 50 Percent

The Florida orange crop, forecast 50 percent higher than last season, is driving down prices for processed orange products and putting downward pressure on fresh orange prices. The U.S. pack of frozen concentrated orange juice (FCOJ) is expected to be as much as double the output of a year ago, lessening the need for imports.

The larger Florida crop (forecast to be 165 million boxes) and expectations for more normal juice yields (1.52 gallons per 90-pound box versus 1.23 last season) would translate into a FCOJ pack of 180-190 million gallons in 1990/91. FCOJ futures prices for November delivery dropped 40 percent from \$1.90 per pound solids in mid-June to between \$1.10 and \$1.15 in early November.

Smaller crops of navel and valencia oranges are forecast for California. However, California growers may see lower returns this season because heavier Florida and Arizona production will keep downward pressure on fresh prices. Although they harvested a large navel orange crop last season, California growers received record-high prices in 1989/90 because freezes sharply cut production in Florida and Texas.

## U.S. Sugar Output To Drop

USDA forecasts U.S. sugar production for fiscal 1991 to be 6.5 million short tons, 1.4 percent below 1990, reflecting sharply reduced cane sugar prospects due to last December's freeze in Louisiana. Increased acreage and improved yields in Florida, along with a somewhat improved crop in Texas, will partially offset the Louisiana shortfall.

U.S. raw sugar prices (nearby futures, c.i.f. duty-paid New York, Contract No. 14) averaged 23.3 cents a pound in October, relatively unchanged from the July-September average. In contrast, world prices declined to 9.8 cents in October, compared with 11.3 cents for July-September.



## Agricultural Economy

The downturn in world prices is due to improved production prospects which will allow some global stock rebuilding for the first time in several seasons.

### Robust Demand For Catfish

Processors' sales volume of catfish through September was 7 percent higher than a year earlier, even with higher prices. Prices averaged 13 cents a pound higher for fresh processed fish and 6 cents higher for frozen.

The volume of fish processed was up 9 percent from a year earlier and grower prices averaged about 5 percent higher. Competition among processors for raw product to fully use expanded processing capacity helped bolster grower prices.

During September, catfish processing slipped 9 percent from a year earlier, partly due to unusually hot weather in Mississippi, the major catfish growing state. While catfish like warm water, they stop feeding if temperatures are too high. High temperatures also increase mortality risks during harvesting.

In September, processors drew down their inventories of frozen fish, which had risen during the summer. On October 1, the inventory was still higher than a year earlier, but it had fallen 18 percent from the peak reached in May. The inventory reduction should help firm up prices for catfish products in the coming months.

Catfish imports through August were nearly 40 percent behind a year earlier. Imports have trended downward during the 1980's because domestic production rose sixfold. [Glenn Zepp (202) 219-0882]

For further information, contact: Kate Buckley, fruit; Gary Lucier, vegetables; Peter Buzzanell, sweeteners; Verner Grise, tobacco; Doyle Johnson, tree nuts and greenhouse/nursery; David Harvey, aquaculture; Lewrene Glaser, industrial crops. All are at (202) 219-0883. **AO**

## Commodity Spotlight



### U.S. Cigarette Exports Surge

**T**he outlook for U.S. tobacco appears more bullish now than it did 5 years ago, despite continuing declines in domestic cigarette consumption. A big part of the improved sales outlook is the dramatic growth in U.S. cigarette exports. Along with this growth, significant changes in the tobacco price support-production control program since 1986 have helped balance the supply and demand for tobacco leaf and raised grower returns.

In 1985, U.S. sales abroad totaled 59 billion cigarettes, 29 percent below the 1981 peak of 83 billion. The 1985 figure was a little higher than the previous year, and the weakening dollar pointed to further increases. But the growth in exports since 1985 appeared next to impossible back then.

In 1990, the U.S. probably is exporting 160 billion cigarettes, almost three times the 1985 mark. The phenomenal growth partly reflects lowered trade barriers in Japan, Taiwan, and South Korea. Also, the high quality of U.S. cigarettes, rising incomes in importing countries, and the weakening of the dollar are pushing up foreign demand.

Recent developments in Eastern Europe and the Soviet Union are boosting cigarette exports even more. As they move toward market-oriented systems, several East European countries are showing increased interest in U.S. cigarettes.

U.S. manufacturers have already agreed to sell over 35 billion cigarettes to the Soviet Union over the next 2 years, with further sales expected. While the Soviets will swap goods for a portion of the cigarettes, some analysts are concerned that the USSR will have trouble putting together enough hard currency to pay for the rest of the planned import surge.

U.S. companies have set up manufacturing plants in what was East Germany, a strong sign of the region's hunger for the U.S. product.

In addition, Thailand has agreed to abide by a recent GATT ruling against its 10-year ban on cigarette imports. Efforts to open the Thai market were hampered by an unusual alliance between U.S. anti-smoking groups and the Thai tobacco industry.

The removal of the import ban will bolster the U.S. share of the Thai market. However, the GATT panel upheld the Thai ban on all cigarette advertising "on the grounds of public health."

### Domestic Use Is Still Dropping

The big boost in cigarette exports is more than offsetting declines in U.S. consumption. U.S. cigarette production fell 20 percent from 1981 to 1985, but rose in 1987 and 1988. Output this year may be 3 percent above 1985 despite a 12-percent drop in domestic consumption over the last 5 years.

The continued decline in U.S. cigarette consumption is due to rising prices and taxes, slipping social acceptance, health concerns, and restrictions on where people can smoke. Consumption could well decline 3 percent or more each year during the 1990's. Retail cigarette prices have risen about 55 percent since 1985, in part due to higher state excise taxes.

## Commodity Spotlight

In addition, an increase in the federal tax rate was approved for 1991.

A July 1990 Gallup poll survey indicated a growing "antismoking" sentiment in the U.S. Smoking restrictions have increased markedly and smoking is now banned on all continental U.S. airline flights and all flights to and from Alaska and Hawaii that last less than 6 hours.

Even though cigarette consumption is declining, Americans will spend a record \$44 billion on tobacco products in 1990. About 95 percent will be for cigarettes. The expenditures represent 1.1 percent of U.S. disposable personal income and have remained at about that share for more than a decade.

Snuff is the only tobacco product showing gains in U.S. consumption since 1985. Even so, snuff consumption fell in 1986 and 1987. Increased use from 1988 to 1990 possibly resulted from growing restrictions on smoking, stable employment in industries where workers typically use smokeless tobacco, and effective industry promotion.

### Tobacco Program Changed in 1986

In mid-1985, the U.S. tobacco price support-production control program was in disarray. Price supports had risen sharply, imports were increasing, and tobacco stocks under loan had reached alarmingly high levels. And no-net-cost assessments had risen sharply. The assessments are fees paid by growers that began in 1982 to ensure that the tobacco price support program operates at no net cost to taxpayers.

Legislation enacted in April 1986 significantly changed the quota-setting procedure, price support levels, and no-net-cost assessments for burley and flue-cured tobacco. The legislation improved the competitive position of the U.S. in world markets and provided for an orderly drawdown of burdensome stocks built up in the early 1980's.

The 1986 quota law was designed to make the program more market-oriented. Flue-cured and burley quotas are now set equal to the sum of buying intentions of domestic cigarette manufacturers, the current 3-year average of unmanufactured tobacco exports, and an adjustment of

stocks under loan that will achieve a desired stock level.

For flue-cured and burley, price supports were initially dropped about 26 cents a pound. Following this cut, annual price supports are adjusted by two-thirds of the change in a 5-year moving average of the market price, and by one-third of the change in costs.

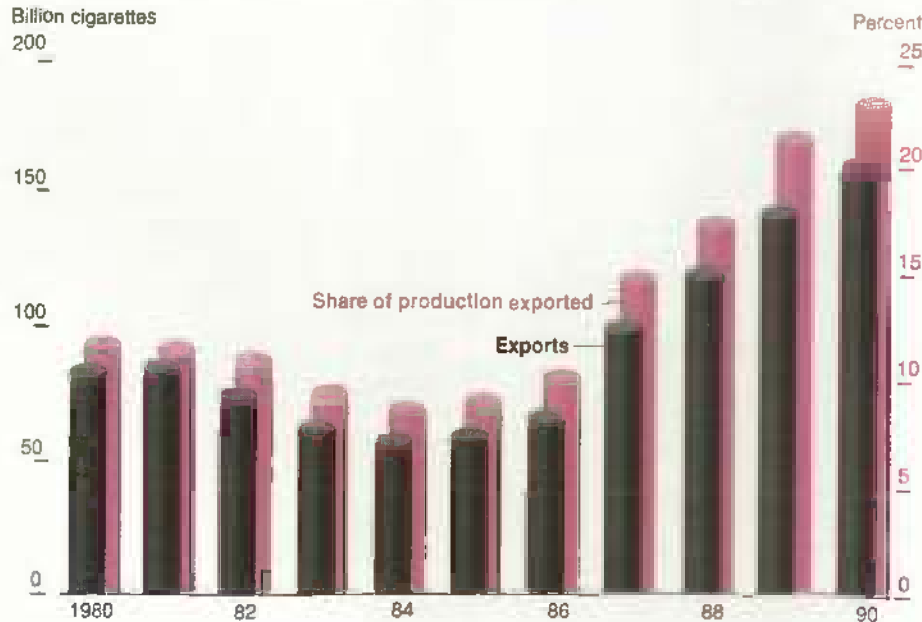
Costs used to change the support price include variable expenditures, but exclude costs of land, quota, risk, overhead, management, marketing contributions, and other costs not directly related to growing tobacco. The Secretary of Agriculture can change the price support by 65 to 100 percent of the estimated changes in the weighted market price and costs.

The more market-oriented quota determination and lower price supports have caused no-net-cost assessments to drop sharply.

Production fell sharply in 1986, but steadily increased to 1.6 billion pounds this year, the largest since 1984. Supplies have tightened and surpluses have virtually disappeared; shortages of some kinds and grades have developed. Prices are increasing and with greater production, grower returns have risen. Output, though, is still about one-fifth lower than in the early 1980's.

### U.S. Cigarette Exports Have Almost Tripled Since 1985

Billion cigarettes



### Leaf Exports Are Stagnant

Tobacco leaf exports have risen slightly over the last 2 years, after falling 12 percent from 1985 to 1988. Much of the decline reflected a shift by exporters to reporting some leaf exports in the manufactured categories—for example, as "smoking tobacco in bulk" and "smoking tobacco not elsewhere classified." Nonetheless, leaf exports declined or were stagnant during the last half of the 1980's.

Although U.S. leaf exports have been flat, there is little evidence to suggest that rising cigarette exports are the culprit. Foreign manufacturers are increasing the share of U.S. tobacco in their

## Commodity Spotlight

blends in order to compete with imported cigarettes. With the growing popularity of U.S. cigarette blends, leaf exports may well increase along with cigarette exports in the 1990's.

Can rising tobacco exports offset declining U.S. consumption? Currently they are, and are likely to continue to do so for the next few years.

But how long the offset continues and how much exports increase depend on several factors. These include the strength of the dollar, the outcome of the GATT negotiations, progress in development of market-oriented economies in Eastern Europe and the Soviet Union, the development of antismoking movements abroad, and importing countries' ability to use their domestic leaf to satisfy consumer demand. [Verner Grise (202) 219-0890] **AO**

### Upcoming Releases from USDA's Agricultural Statistics Board

The following list gives the release dates of the major Agricultural Statistics Board reports that will be issued by the time the next *Agricultural Outlook* comes off press.

#### December

- 3 Egg Products
- 4 Poultry Slaughter
- 6 Celery
- Dairy Products
- 11 Crop Production
- 13 Turkey Hatchery
- 14 Milk Production
- Potato Stocks
- Vegetables
- 19 Catfish
- Cattle on Feed
- 21 Cold Storage
- Eggs, Chickens, & Turkeys
- Livestock Slaughter
- 28 Peanut Stocks & Processing
- 31 Agricultural Prices

## World Agriculture and Trade



### EC Farmers Protest Profit Squeeze

**D**emonstrations by European farmers are a time-honored way of getting the message across to politicians, other interest groups, and the general public. In the past year, farmers have brought out their tractors and livestock to protest the 1990/91 EC price package, the GATT negotiations, and low prices in grain and livestock markets.

The German Farmers' Union staged demonstrations coordinated with COPA, the EC-wide farmers' group, to protest the EC Commission's package of proposed prices for 1990/91. In April, the Irish Farmers' Association led a demonstration of approximately 2,500 people in Dublin. The protest march included a stop at the U.S. Embassy to demonstrate against the U.S. agricultural proposals at the GATT.

In October, the British National Farmers' Union organized a "crisis" rally in London to protest falling incomes among UK farmers, and to garner support for production controls, rather than price cuts, to contain the costs of agricultural support.

### Protests Help Farmers' Clout

French farmers pulled out all the stops in late August to protest the very low prices they had been receiving for beef and lamb. Blaming the price drops on imports of cheaper meat from the UK, Ireland, and Eastern Europe, groups of angry French farmers hijacked imported shipments, destroyed beef and lamb carcasses, and set live animals loose in town squares. In a few instances, they have killed sheep or lambs in public. And in two episodes, they set fire to British trucks carrying live sheep.

Farmers in the EC stage such protests largely because the demonstrations are successful. The French agriculture minister, while condemning the demonstrators' violence, announced measures designed to relieve some of the profit squeeze. Farmers in drought-stricken areas will receive free or subsidized grain and forage, special cash advances on drought aid, and be allowed to postpone some social security and loan payments.

Protests against the EC price package helped national farm ministers secure concessions that will partially offset the automatic price reduction for grains. Part of the EC's problem in formulating a trade position for the GATT results from farmers' vocal opposition to any further cuts in support.

Inflation-adjusted agricultural income in the EC actually rose 9.5 percent in 1989, up for the second year in a row. Farm income rose in all countries except Spain, and reflected increases in production, prices, and subsidies, which rose 9.6 percent.

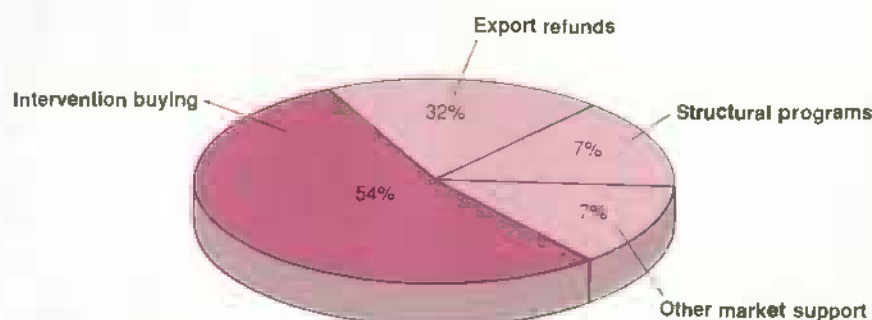
### Recent Changes Squeeze Some

However, the rise in aggregate farm income gives an incomplete picture of the situation facing many EC farmers. Recent policy changes and market developments have lowered some farmers' incomes.



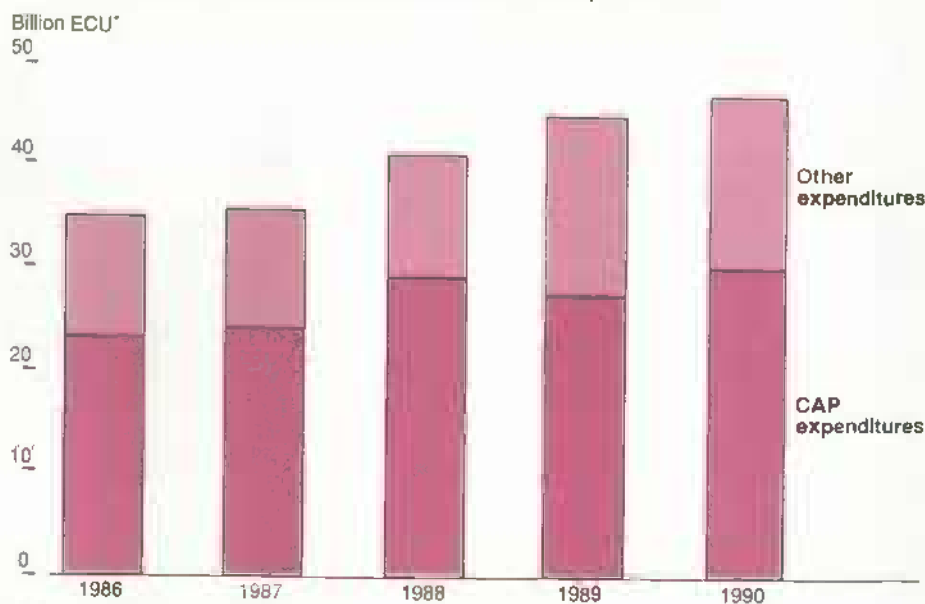
## World Agriculture and Trade

### Intervention Buying Claims Over Half of EC Farm Spending



Estimated for 1990.

### CAP Spending Takes More Than 60 Percent of EC Expenditures



Estimated for 1990.

\*November 8, 1990 market exchange rate was US\$1.37 per ECU.

Since the 1970's, the EC's border controls and guaranteed prices have led to grain surpluses, which have been either stored at significant cost or exported using large subsidies. To reduce the surpluses, the Community has instituted policy changes that have eroded the support provided under the Common Agricultural Policy (CAP).

For example, if total grain production exceeds a fixed amount (the maximum guaranteed quantity), support prices for all grains are reduced 3 percent the following year. Farmers who sell their grain to the EC must pay a handling fee of 6 percent of the intervention price, as well as a co-responsibility levy to offset part of the cost of export subsidies.

Changing eating habits and growing health concerns are reducing beef demand in the EC. The appearance of a mysterious new cattle disease, bovine spongiform encephalopathy (BSE) also called the mad cow disease, in the UK and Ireland has sharply reduced beef consumption in those markets and compounded consumer concerns about eating beef throughout the EC (see the July issue of *AO*). And the international embargo against Iraq has deprived EC beef producers of a key market.

In addition to declining demand, EC beef producers face increased beef supplies. Farms in what used to be East Germany increased slaughter, downsizing their herds to reflect changed market conditions and the introduction of the EC milk quota. Beef imports from Eastern Europe have put further downward pressure on prices.

Sheep farmers throughout the Community experienced declining prices this summer, but in France costs have risen as well. A second year of drought has made it more expensive for French farmers to feed their herds, and competition from less expensive imports from the UK, Ireland, and Eastern Europe has cut into producer returns.

Also, the EC has begun to reorganize its program for sheep and lamb in order to establish common prices. In the UK, this means phasing out the current market support system, based on deficiency payments, and replacing it with a private storage scheme and an annual payment per ewe.

In 1990, the deficiency payment to UK shepherds was reduced to 75 percent of the difference between the guaranteed price and the market price, and in 1991 it will be cut to 55 percent.

### EC Farmers Face Uncertainties

Farmers may have a lot to protest, but they face some economic realities that politicians in Brussels and the national capitals cannot change. Farming in the EC is done by a large number of small farms. The average size of the nearly 9

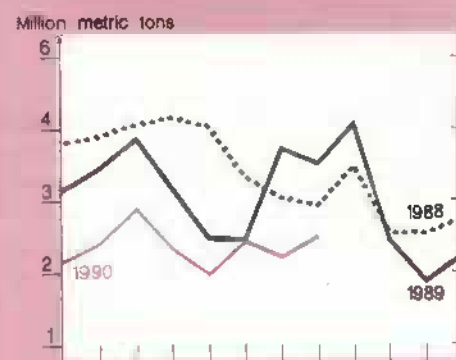
## U.S. Trade Indicators

## World Agriculture and Trade

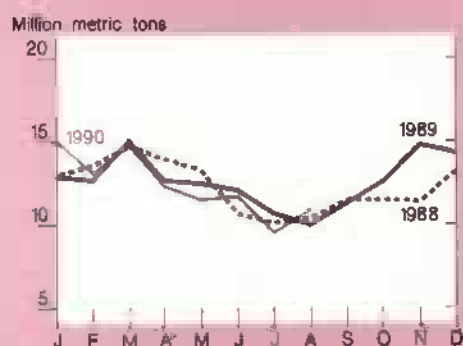
U.S. agricultural trade balance



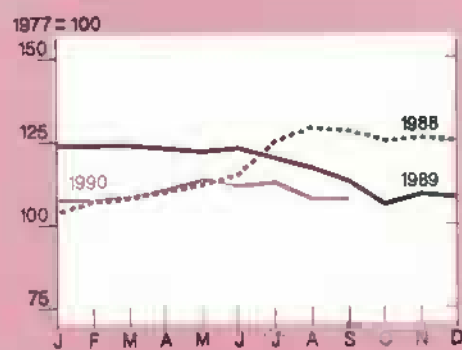
U.S. wheat exports



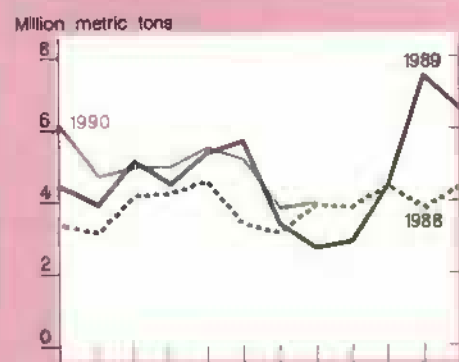
Export volume



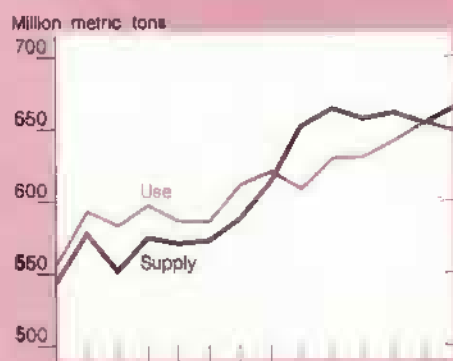
Index of export prices



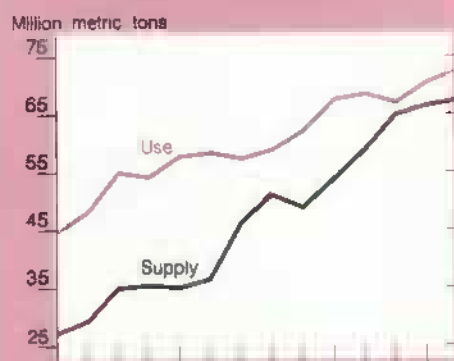
U.S. corn exports



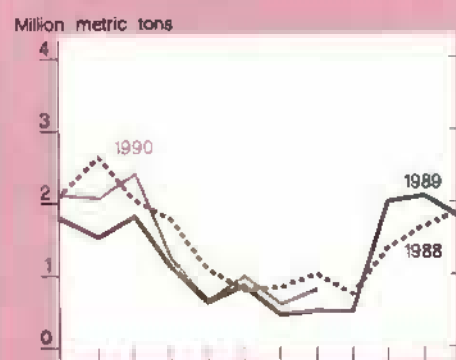
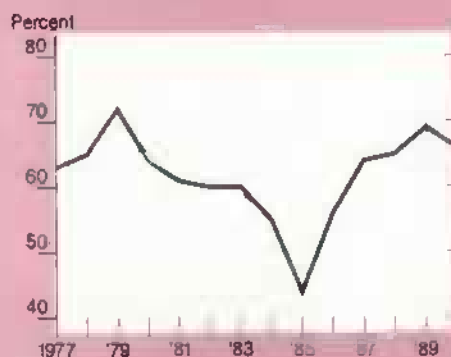
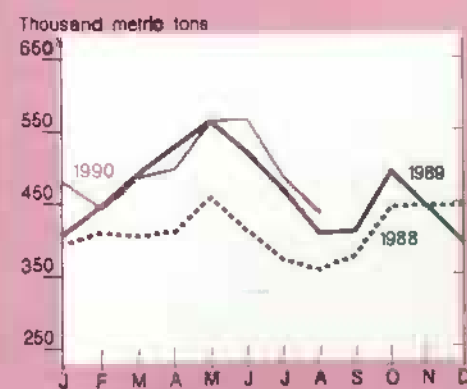
Foreign supply &amp; use of coarse grains



Foreign supply &amp; use of soybeans



U.S. soybean exports

U.S. share of world coarse grains exports<sup>1,2</sup>U.S. share of world soybean exports<sup>1,2</sup>U.S. fruit & vegetable exports<sup>3</sup><sup>1</sup>Excluding intra-EC trade<sup>2</sup>October-September years<sup>3</sup>Includes fruit juices

## World Agriculture and Trade

million farms there is only 33 acres. The range in the average size is considerable, from 161 acres in the UK to less than 10 in Greece.

Larger, more efficient farms can flourish under the high level of support furnished by the CAP because of lower per-unit costs. However, many small farms still struggle to survive.

Until the mid-1980's, the EC adopted yearly increases in CAP policy prices to ensure that farmers could earn a good living from the land. As CAP spending became burdensome, and as a number of chronic commodity surpluses developed, the EC had to modify this policy.

Since 1984/85, nominal intervention prices in European Currency Units (ECU's) for the most important commodities have remained stable or declined slightly. This restrictive price policy has affected small, marginal farms the most, but because CAP prices are still high compared with world prices, overproduction remains a problem.

EC farmers realize that a number of other forces stand to harm their incomes. At the top of their list are the GATT negotiations on reducing agricultural support and protection.

The U.S. and the Cairns Group—a coalition of 13 agricultural exporting nations—have proposed that trade-distorting internal support and protection be reduced 75 percent over 10 years beginning in 1991, and that export subsidies be cut 90 percent over the same period. Moreover, the proposals would allow countries to offset the income effects of reduced distortions, but EC farmers are not focusing on this point.

Disagreement among EC farm ministers about the EC Commission's proposal for a 30-percent reduction in internal support from 1986 levels made the EC miss a GATT deadline for submitting proposals.

Farmers also are concerned that EC consumers are increasingly worried about the wholesomeness of the food they eat, and the way in which it is produced. Health scares, such as the BSE problem, salmonella and listeria outbreaks, and

local hormone scandals, have undermined consumer confidence in a number of foods. In addition, animal rights issues are worrying livestock producers.

Intensive production methods have come under fire for their effects on the environment and animal welfare. Policies to protect the environment, such as the ban on straw burning in the UK and the EC-wide maximum levels for nitrates in ground water, impose constraints on farming methods.

Many EC farmers realize that support prices alone cannot protect marginal farmers from bankruptcy. Persuaded by what they see as the success of the EC milk quota, some have begun to favor production controls for other commodities, including grains and livestock.

Production quotas, however, would only add to the economic distortions that the CAP has introduced in EC agriculture. While quotas would keep prices high, they would reduce but not prevent surplus production, as the growing butter and skim milk powder stocks show.

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## Farm Finance



### Rural Financial Fragility?

Back in the mid-1980's, rural banking problems were more pronounced than problems at larger urban banks. Now, the situation has reversed. As the farm financial crisis subsided, rural banks improved. However, softening nonfarm real estate markets, ongoing problems with international lending, and a slowdown in the overall economy have pinched the nation's largest banks.

Moreover, while rural savings and loans (S&L's, or thrifts) are slightly less well capitalized than their urban counterparts, they appear to be losing money at a much slower rate. Capital represents the owners' stake in the institution and is used to absorb losses. Rural and urban-based credit unions are doing better than the S&L's and most banks.

Still, with changing regulations, a slowing economy, and prospects for lower farm income next year, how would agricultural and other rural banks fare if the mid-1980's loss rates were to return?

Research suggests that while these banks generally have regained their health following the farm financial crisis, real



estate loan losses could mount in a significant economic downturn, impairing about 5 percent of agricultural and 10 percent of other rural banks.

Three main types of deposit-taking financial institutions serve agricultural and rural areas: commercial banks, S&L's, and credit unions. About 54 percent of rural commercial banks specialize in agricultural lending.

With a 70-percent share, commercial banks dominate the rural deposit market. Rural depositors have other options such as using rural branches of urban banks or paying into mutual funds, but data on those are limited and not included here.

While agricultural and other rural banks are rebounding as the new decade begins, rural S&L's are still troubled. They face significant obstacles in stiff new capital standards and the decline in real estate loan performance. Rural credit unions are not in any significant difficulty, but neither are they major players in rural and agricultural lending markets.

The Farm Credit System (FCS) continues to slowly regain its financial footing following the turnaround in farming and the federal rescue in 1987. For the first half of the year, earnings and loan volume were up slightly compared with a year earlier. While earnings were down in the third quarter from a year earlier, the drop reflected shrinking reversals of

loan loss provisions, and operating income increased.

The System competes with other rural lenders to make farm loans, yet it does not take deposits. Rather, the FCS sells securities out of New York to raise the cash for its lending.

Taken together, agricultural and rural lenders have ample capacity to extend credit to farm and rural borrowers. However, credit standards are somewhat tighter than in the early and mid-1980's. Aside from supply considerations, demand for credit probably is slipping because the outlook for most agricultural commodity prices is bearish and overall economic growth is down.

### Ag Banks Have Big Cushions

Rebounding farm income has allowed agricultural banks to boost their capitalization rates to match early-1980's conditions and to return to strong profitability as of mid-1990. While their capitalization, highest among the lender groups, protects them from unexpected losses, it also means that their rate of return on equity is slightly below that of other rural banks. Nonetheless, current profitability rates are far above their mid-1980's lows.

Nonperforming loans (those 90 days or more past due or not expected to be repaid) are dramatically lower than at mid-decade, but still high by historical standards. Currently, farm banks hold nearly \$1.5 billion in overdue loans out of a total portfolio of \$76.3 billion.

The loan-to-deposit ratio at agricultural banks is lower than in the early and mid-1980's, and lower than the bankers say they prefer. Still, agricultural banks hold \$8.8 billion in loans secured by farm real estate and \$18.3 billion of farm production loans. Loans as a percent of deposits indicate how aggressive a bank is in extending credit.

The health of the other rural banks is nearly as good. Their capitalization rates are slightly lower than at farm banks. However, their proportion of nonperforming loans is lower than any other rural lender group. Because their loan-to-deposit ratio is greater than at farm banks, other rural banks probably are better diversified.

Profitability among other rural banks is strong—their return on equity is the greatest of the lender groups. As of mid-1990, all annual performance measures—except the number of failures—pointed to an improvement for rural nonfarm banks as a group. With 17 failures as of midyear, it is likely that more nonfarm rural banks will fail in 1990 than 1989.

#### Overall, Rural Lenders Are in a Better Position Than Their Urban Counterparts<sup>1</sup>

Lender		Average assets	Capital as percent of assets	Nonperforming loans as percent of total loans <sup>2</sup>	Return on assets <sup>3</sup>	Return on equity <sup>4</sup>	Loans as a percent of deposits
	Number	\$000's	Percent				
Urban banks <sup>5</sup>	5,508	536,046	6.13	3.32	0.64	10.56	83.89
Agricultural banks <sup>6</sup>	4,117	37,915	10.17	1.96	1.04	11.19	55.29
Rural nonag. banks	3,106	80,069	9.17	1.67	0.99	11.98	66.71
Urban S&L's	2,005	596,757	2.20	4.96	-0.64	-30.00	86.30
Rural S&L's	909	123,175	2.14	5.59	-0.31	-15.46	66.42
Urban credit unions	9,785	18,097	7.20	1.72	0.83	11.52	66.02
Rural credit unions	4,303	13,540	5.16	1.87	0.58	11.30	48.30

<sup>1</sup> Data reflect conditions at year-end 1989 for S&L's and credit unions, and conditions on June 30, 1990 for commercial banks. <sup>2</sup> Loans past due 90 days or more plus loans in nonaccrual status. <sup>3</sup> Net income as a percent of total assets. Returns on assets and equity for 1990 are first-half data at annualized rates. <sup>4</sup> Net income as a percent of total equity capital. <sup>5</sup> Commercial banks headquartered in counties that are part of Metropolitan Statistical Areas (MSA's). Rural institutions are those headquartered outside MSA's. <sup>6</sup> Banks with above-average concentrations of farm loans.

## Farm Finance

### Rural Thrifts Improved?

Factors that battered the thrift industry have weakened rural S&L's. Forty rural thrifts failed in 1989, down from the 5-year high of 68 in 1988. The number of problem thrifts declined a third. Coinciding with this improvement has been a decline in the rural thrifts' provisions for loan losses. For comparison, 153 and 93 urban-based S&L's failed in 1988 and 1989.

Still, the number of rural thrifts has shrunk 10 percent over the past 2 years, and more consolidation is expected as firms scramble to meet the new capital standards and the Resolution Trust Corporation continues its cleanup of insolvent S&L's. Rural and urban thrift capitalization rates remain low, hovering just over 2 percent for 1989, well under the new 3-percent standard.

Earnings continue to be negative and liquidity is a problem. Consequently, financially weakened thrifts face tougher regulatory standards at a time when the general economy is slowing.

Rural credit unions have not been besieged by the problems that continue to haunt rural thrifts. These firms typically have focused lending to their members for personal items, and have not pursued many of the risky activities that got S&L's into trouble in the 1980's.

So, earnings have been strong and liquidity high for these firms. Likewise, the proportion of loans not performing has been relatively low, probably reflecting more prudent management strategies. Credit unions are exempt from federal taxes.

### Tougher Regulation Ahead

The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), coming in the wake of the thrift crisis, imposes tough new capital standards and restricts S&L lending activities. It also authorizes higher deposit insurance premiums for banks and thrifts.

Capitalization rates will now be tied to the riskiness of a thrift's activities, similar to the recent regulations for commercial banks. S&L's will either try to sell

new stock or sell off assets to meet the new capitalization regulations.

Higher insurance premiums will raise operating expenses and further erode profits and firm value for both S&L's and banks. Unfavorable press resulting from the troubles of financial institutions has caused many firms to tighten credit requirements and slow lending.

Slow growth and an uncertain economic outlook will exacerbate troubles at rural financial firms. Oil price increases have cut into business profits and reduced the demand for credit. And a recession would further depress bank and S&L earnings by increasing the likelihood of loan defaults. Compounding these concerns is a shakiness in real estate markets that has spread through much of the country.

Complicating matters further for agricultural lenders are declining commodity prices and scheduled cuts in agricultural subsidies. So, farm incomes likely will drop in 1991, and may lead to more loan repayment problems.

### Rural Lenders: How Strong?

Current portfolio composition, including low loan-to-deposit ratios and reduced levels of nonperforming loans, have positioned most rural banks to survive a significant downturn in local or agricultural economic activity.

For example, if delinquent loan rates were to rise to 7 percent of total loans, the peak for farm banks during the 1980's, the number of weak farm banks (those with capital minus nonperforming loans below 3 percent of assets) would rise to 221. That would be 5.4 percent of all agricultural banks, and less than two-thirds of the 1986 peak of 384 weak banks.

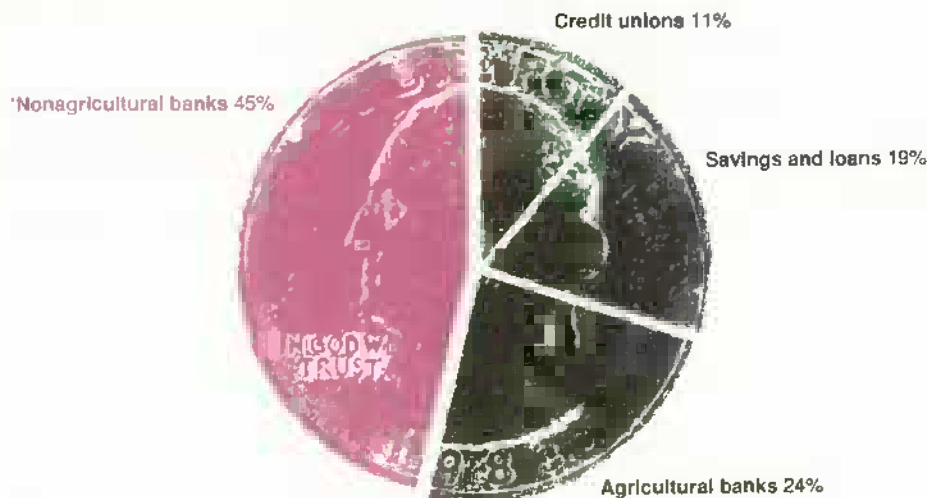
For nonfarm rural banks, this measure would rise to 297 (9.6 percent of such banks) due to their slightly lower capitalization rates and higher loan-to-deposit ratios. That would be substantially above the 1986 peak of 147 weak banks.

### Farm Bank Failures Are Down Sharply<sup>1</sup>

Lender	1985	1986	1987	1988	1989	1990
<b>Agricultural banks</b>						
Nonperforming loans (%) <sup>2</sup>	4.20	4.03	2.98	2.25	1.99	1.96
Losses (%) <sup>3</sup>	2.13	2.22	1.24	0.72	0.59	0.41
Weak banks (no.) <sup>4</sup>	366	384	227	144	88	77
Failed banks (no.)	69	66	75	41	24	9
<b>Rural nonag. banks</b>						
Nonperforming loans (%)	2.32	2.25	1.89	1.67	1.69	1.67
Losses (%)	0.81	0.91	0.72	0.58	0.59	0.49
Weak banks (no.)	136	147	131	121	113	73
Failed banks (no.)	17	23	69	37	22	17
<b>Rural S&amp;L's</b>						
Nonperforming assets (%) <sup>5</sup>	3.08	3.93	4.43	4.52	3.76	NA
Losses (%) <sup>6</sup>	0.13	0.49	0.41	0.30	0.28	NA
Problem S&L's (no.) <sup>7</sup>	189	190	153	146	98	NA
Failed S&L's (no.)	19	21	17	68	40	NA

<sup>1</sup> For 1990, data are as of June 30. All other years are as of December 31. <sup>2</sup> Loans past due 90 days or more and still accruing interest plus those in nonaccrual status as a percent of all loans. <sup>3</sup> Net loan chargeoffs as a percent of total loans. Estimates for 1990 are annualized first-half data. <sup>4</sup> Banks with capital minus nonperforming loans below 3 percent of assets. <sup>5</sup> As a percent of total assets. Nonperformings include: delinquent loans, repossessed real estate, deferred losses, goodwill, and other intangibles. <sup>6</sup> Losses are the net provisions for loan losses plus losses on asset sales. <sup>7</sup> S&L's with nonperforming assets greater than capital.

### Nonagricultural Banks Hold the Largest Share of Deposits in Rural Communities



Share of deposits in deposit-taking institutions in non-metropolitan statistical areas as of December 31, 1989.

As of June, there were only 77 weak agricultural banks out of about 4,100 banks and 73 weak other rural banks out of about 3,100.

The well-publicized commercial real estate market decline also has affected the portfolios of agricultural and other rural banks. Real estate secures 22 percent of all loans at farm banks and 21 percent at other rural banks, according to midyear data. About 3.6 percent of these loans were in nonperforming status at farm banks while other rural banks reported 3.7 percent as nonperforming.

Although the proportion of troubled loans at the end of June was down slightly from yearend 1989 for both bank groups, real estate remains a potential trouble spot for these banks if the economy continues to slow.

For thrifts, the future is not bright. Already, 121 rural thrifts are technically insolvent and would not be able to meet the new capital standards. Currently, out of the 900 S&L's in rural areas, 100 are considered problem institutions.

While 80 percent of all solvent thrifts could pass the new capital standards, 17 percent could not meet the toughest requirement—the risk-based standard. Getting to that degree of capitalization

will be difficult for most of these firms. Many have begun to sell assets to pull up their capital ratios.

Other options for raising capital, such as increasing profits or selling stock, just are not realistic given the poor financial shape of these firms. Consequently, the new standards will mean more loan sales, mergers, and failures, though the surviving institutions are likely to be smaller and healthier. Tighter credit conditions are anticipated for thrifts in response to the new reforms.

Slowing economic growth will hasten this contraction as loan losses and asset sales mount in a saturated market. The slump in real estate markets will hurt rural thrifts because real estate loans make up about 90 percent of rural thrift lending activities.

While rural thrifts in the Northeast have recently been the most profitable group of rural thrifts, this may change given the rapid deterioration of the area's real estate market.

Credit unions have dodged thus far the overall pall that lingers over thrifts and some banks. Yet, consumer demand for loans has declined recently in response to the uncertainties surrounding financial markets and the economy. While credit

unions appear better insulated than thrifts from the slump in real estate, a recession could result in more defaults on other loans these firms extend.

Lower earnings and capital would be expected, but credit unions would weather these problems with much less trauma than the thrift industry.

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## General Economy



### A Rebound In 1992?

**R**ecent evidence suggests that the U.S. economy continues to grow very slowly. And the short-term outlook suggests more very slow growth, or even a brief contraction. Given an orderly unwinding of current problems, though, the long-term outlook is for growth to pick up. But, real growth is likely to be lower than the average of the past two decades, and slower than growth abroad.

The first estimate for third-quarter 1990 real GNP growth showed that the economy continued to expand at an annual rate of 1.8 percent. Consumption expenditure increases (3.6 percent annual rate) and fixed business investment gains (7.4 percent annual rate) were higher than anticipated and spearheaded overall growth. Consumption growth was again pulled up by spending on services, which rose at a 5.1-percent annual rate.

However, potential problems for future growth were revealed by an \$8-billion fall in inflation-adjusted net exports and a 0.6-percent decline (annual rate) in real personal disposable income. Real estate market woes were magnified by a 15.4-percent drop in residential investment; eight of the past nine quarters have shown declines in residential investment.

Inflation pressures from the crude oil price jump continue. Recent releases show that the Consumer Price Index rose 6.2 percent over the past year while the Producer Price Index increased 6.4 percent. Without the food and energy components, the underlying rate of consumer price inflation was 5.3 percent and the underlying producer inflation was 3.4 percent.

### Long Term Prospects Are Brighter

Because agriculture is sensitive to overall economic conditions, swings in general economic activity, inflation, and interest rates have important effects on farmers. However, recessions and booms cannot be accurately forecast in long-term scenarios. Similarly, future shocks—such as more oil price runups or policy shocks—cannot be foreseen.

Rather than distort long-term analysis by arbitrarily introducing swings in macroeconomic variables, trend assumptions are combined here with more traditional short-term forecasts to arrive at the projections. So, while the near-term economywide outlook corresponds to short-run forecasts, the longer-term esti-

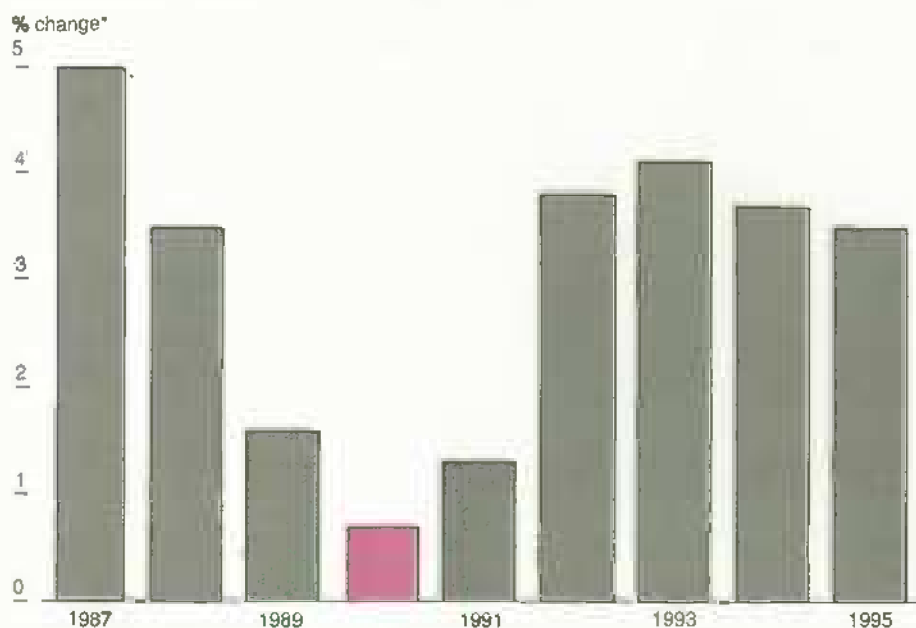
mates are not intended to provide year-by-year guidance. Instead, they reflect broad trends and capture the implications of the underlying assumptions.

The current slow growth in the general economy is a short-run phenomenon for this year and next. After 1991, growth likely will pick up, according to projections by the Administration and other forecasters.

To construct a long-term outlook, assumptions must be made about key issues and variables. Now, there is more uncertainty than usual because assumptions must be made about the Persian Gulf situation and crude oil prices, in addition to fiscal and monetary policies, wages and productivity, and exchange rates.

The only workable assumption about the Persian Gulf situation is that a peaceful agreement is reached. This has obvious implications for crude oil prices. The current oil price hike results more from expectations of restricted supplies than actual shortages. Oil stocks have not contracted substantially. Output lost from Iraq and Kuwait is almost being made up by extra production from other

Real GNP Growth Forecast: Slowest in 1990



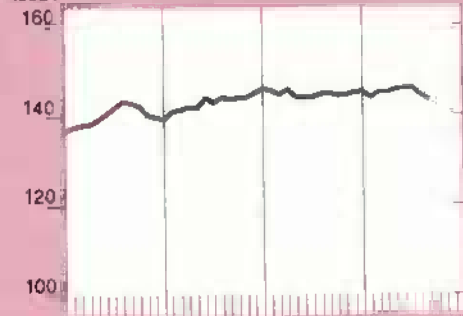
\*Fourth quarter to fourth quarter. Rates for 1990-95 are forecast based on fiscal 1991 budget package.

## General Indicators

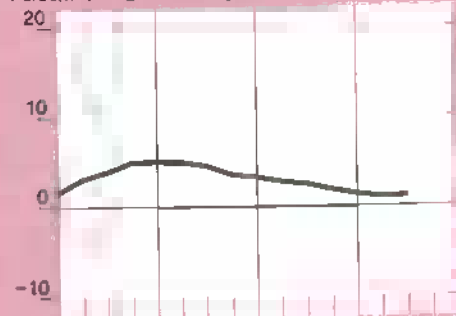
## General Economy

Composite leading economic indicators

1982 = 100

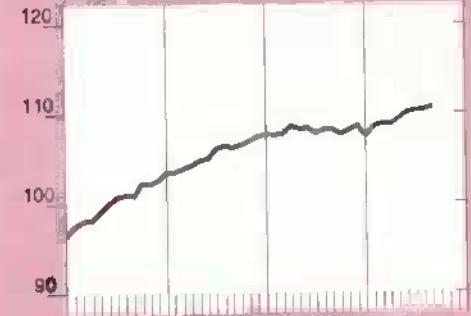
Gross national product<sup>1</sup>

Percent change from a year earlier

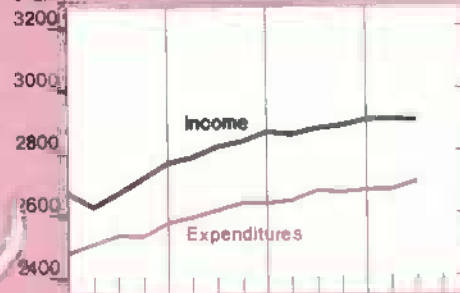


Industrial production

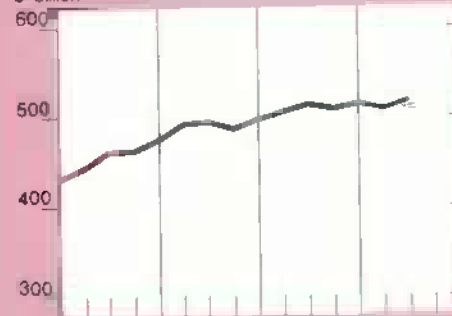
1987 = 100

Disposable income and consumption expenditures<sup>2</sup>

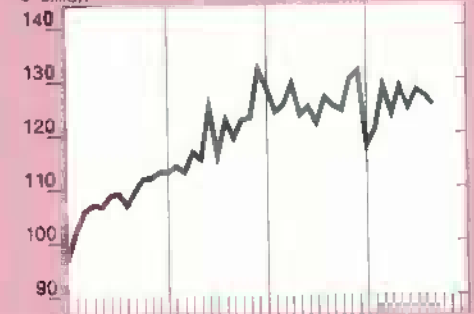
\$ billion

Nonresidential fixed investment<sup>2</sup>

\$ billion

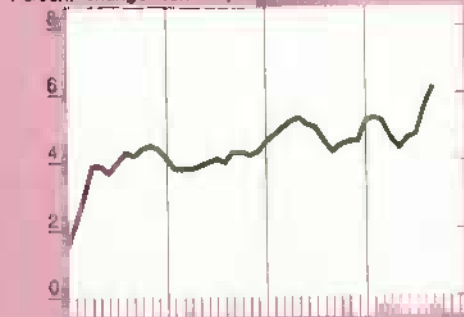
Manufacturers' durable goods orders<sup>3</sup>

\$ billion

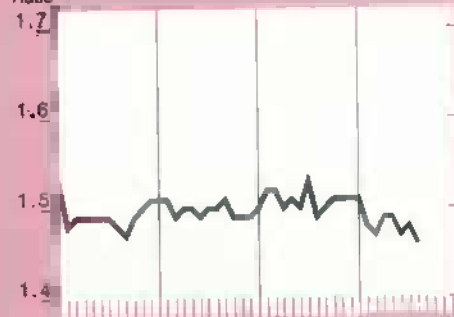


Consumer price index

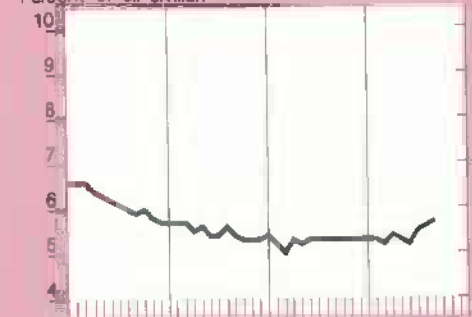
Percent change from a year earlier

Retail sales<sup>4</sup>

Ratio

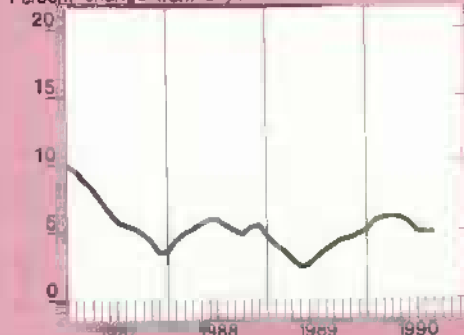
Unemployment rate<sup>5</sup>

Percent of all civilian workers



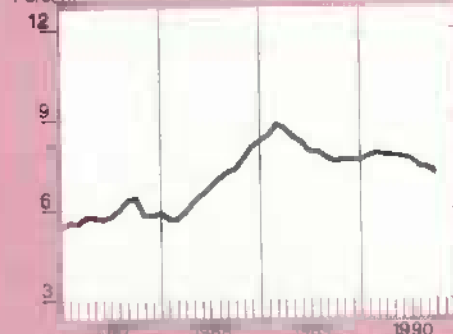
Money supply (M2)

Percent change from a year earlier

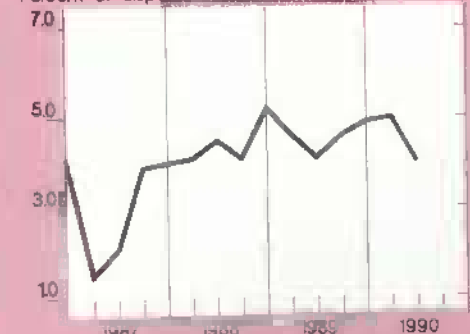


3-month Treasury bill rate

Percent

Savings rate<sup>6</sup>

Percent of disposable personal income



<sup>1</sup>Percent change from a year earlier in 1982 dollars. Seasonally adjusted annual rates. <sup>2</sup>Billions of 1982 dollars, seasonally adjusted at annual rates.  
<sup>3</sup>Nominal dollars. <sup>4</sup>Manufacturing and trade, seasonally adjusted, based on 1982 dollar. <sup>5</sup>Seasonally adjusted.  
<sup>6</sup>Calculated from disposition of personal income in 1982 dollars, seasonally adjusted at annual rates.

Sources: U.S. Dept. of Commerce, U.S. Dept. of Labor, and the Board of Governors of the Federal Reserve System.

## General Economy

### U.S. Interest Rates Likely To Continue Dropping Through 1995<sup>1</sup>



<sup>1</sup>Interest rates and GNP deflator for 1990-95 are forecast based on fiscal 1991 budget package.

<sup>2</sup>Change from fourth quarter to fourth quarter

oil producers, and consumption is down because of higher prices.

With a peaceful resolution, the current oil price jump would become just a temporary spike. Oil prices probably would peak in the winter of 1991, and decline over the next year. Thereafter, oil prices could resume a gradual upward path, as suggested by previous projections by the U.S. Department of Energy.

The fundamental assumption regarding fiscal policy is a shift from an expansionary to a relatively contractionary mode. Higher taxes and flat or slight declines in federal spending are on the horizon. These assumptions are generally consistent with the budget package that Congress passed and the President signed.

### Future Money Policy Is Critical

Monetary policy became relatively tight over the past 2 years in response to heightened inflation pressures. The federal funds rate averaged 7.0 percent between 1986 and 1988, but climbed to an average 9.2 percent in 1989. Over the first three quarters of this year, the Federal Reserve allowed interest rates to slip

to 8.2 percent, but still maintained a cautious eye on inflation.

Fed Chairman Alan Greenspan repeatedly stressed that interest rates had the potential to fall further with a credible and enforceable budget resolution. Since the passage of the budget at the end of October, the Fed has allowed the funds rate to edge down about one-half of a percentage point.

For the long term, a reasonable assumption about monetary policy is that the Fed will allow interest rates to fall as inflation pressures moderate, and as fiscal policy becomes more restrictive.

Wage gains and productivity increases are key factors in determining inflation. Wage negotiations incorporate inflation expectations. With continued business investment lifting productivity and more moderate growth in wages, labor costs per unit of output should grow slowly, lessening inflation pressures.

The final key assumption concerns the exchange value of the dollar. Several factors suggest that the trade-weighted value of the dollar will decline over the next several years. Relative to its major trading partners, the U.S. is experiencing lower real economic growth, higher infla-

tion, and lower real interest rates. These factors tend to lower the dollar's value, promote U.S. exports, and hold down imports.

### Interest Rates To Slip

In the September budget proposal, Congress and the Administration projected real growth to average about 3.3 percent during 1991-1995, with slow growth in 1991 picking up to a moderately strong rate in 1992. A consensus of other forecasts shows a similar, but slower growth path, with growth averaging about 2.3 percent.

Most forecasters project that inflation, as measured by the GNP deflator, will decline from the current 5-6 percent range. The budget package assumptions showed inflation averaging about 3.5 percent over the next 5 years. Other private analysts expect about 4 percent.

The projected path for interest rates is less certain. With lower inflation, a relatively restrictive fiscal policy, and moderate economic growth, interest rates probably will fall over the next 5 years. Analysts' views vary greatly on the magnitude of the fall.

An average of surveyed forecasts suggests that the 3-month Treasury bill yield will ease to just under 7 percent. The budget package estimates that T-bills will yield about 5.3 percent on average over the 5 years, which assumes that the rate falls to almost 4 percent in 1995.

### Farming Costs To Fall?

The exchange value of the dollar, on a trade-weighted basis, has fallen about 15 percent in the past year. With the recent and forecast continued weakness of the dollar, and with domestic real economic growth below foreign real growth, U.S. exports should increase and the trade deficit likely will narrow over the next several years.



## General Economy

Agriculture will benefit under this long-term outlook, provided the GATT negotiations do not fail and lead to new trade restrictions. The recent oil price increases indicate farmers will face higher production costs in the short run. But in the long-term outlook, oil prices are assumed to fall from the current peak.

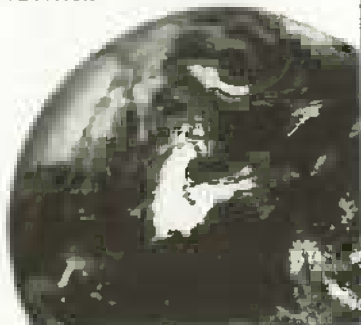
Farmers' production costs also would be held down because lower interest rates would mean lower credit costs for credit-worthy borrowers. Agricultural revenues probably would increase because agricultural exports and commodity prices tend to rise as the exchange value of the dollar falls. [Elizabeth Mack and John Kirchen (202) 219-0782] AO

Coming This Spring! . . .

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## Food and Marketing



## Food Price Gains To Slow

In 1991, food prices are likely to rise 2-5 percent. This first forecast for next year reflects uncertainties concerning the general economy and the Persian Gulf crisis. While the overall economic picture for 1991 is cloudy, larger supplies of some major food commodities will work to hold down price increases.

Retail food prices rose sharply in the first three quarters of 1990, but are slowing in the fourth quarter. The prices of some foods are declining from last quarter because of seasonally larger supplies. Even so, the Consumer Price Index for food is well above a year earlier. For all of 1990, it will average nearly 6 percent above 1989.

There still is some debate as to whether a recession will occur in 1991 or whether one has already begun. Analysts agree, however, that the economy is slowing. Settlement of the Iraqi confrontation could take years. Where crude oil prices will settle, if at all, is also in question (see the lead article in this issue).

During 1991, unemployment probably will rise and real disposable personal income is expected to decline. Inflation

is likely to persist, but only because of higher oil prices resulting from the Persian Gulf crisis. Even so, inflation is expected to be milder in 1991.

An economic slowdown will have a dampening effect on retail food prices. Consumer demand for food, especially processed products, weakens when personal income weakens.

In this environment, higher oil prices will have a limited direct effect on food prices. Major energy inputs in food processing and distribution are electricity and natural gas, neither of which are strongly affected by higher oil prices. But because motor fuels are directly linked to oil prices, transportation costs are likely to rise.

## Some Prices To Drop

In 1991, beef supplies are expected to increase slightly, and pork producers are likely to expand cautiously. As a result, red meat prices will not rise significantly above 1990 averages.

Red meat prices have been record high this year, and retail pork prices will average nearly 14 percent above 1989. Beef prices will average about 7 percent above 1989. That's because domestic beef supplies will average 2 percent below and pork will average 4 percent below last year.

After increasing sharply in 1990, the CPI for dairy products is expected to decline in 1991. Strong demand for processed dairy products, particularly cheese, has pushed up prices about 9 percent this year.

At the beginning of 1990, stocks of processed products were tight, milk production had just returned to normal following the 1988 drought, and dairy prices were record high. In 1991, stocks probably will increase substantially.

Much of this year has been a time of rebuilding stocks of processed products in a climate of strong demand, particularly for cheese. Wholesale cheese prices remained high for most of the

## Food and Marketing

year, but have fallen recently to the support level. While demand pressure from processors also kept farm prices for fluid milk high at the beginning of the year, prices have been falling since early autumn.

Fruit prices rose sharply in 1990. Most of the increases reflect the freeze in Florida and Texas last Christmas. The citrus crop was severely damaged and prices for oranges, grapefruit, and orange juice rose briskly. This year, the CPI for fresh fruit will average more than 12 percent above 1989 and the processed index will be up about 9 percent.

Ideal growing conditions in Florida are leading to a bumper crop, and citrus prices are expected to drop in 1991. But a smaller apple crop probably will push up apple prices in 1991 and offset lower citrus prices.

So the CPI for fresh fruit next year is expected to remain about even with 1990. The CPI for processed fruit, which is strongly influenced by orange juice prices, is not expected to increase significantly.

A larger fall potato crop has improved the stock picture for 1991, helping to hold down the CPI for fresh vegetables.

Potato prices have been particularly high during 1990, reflecting strong demand for processed potatoes and drought in key growing areas. Export demand for frozen french fries has been very strong, putting pressure on domestic supplies. Reflecting the larger potato supplies, the CPI for fresh vegetables in 1991 is likely to decline slightly.

Larger commodity supplies will have the strongest influence on food prices in 1991. The farm value of food, the portion of the consumer dollar that goes to farmers, is expected to average nearly 6 percent below 1990. If the decline were totally passed through to consumers, the food CPI would be lowered by nearly 2 percentage points. [Ralph Parlett (202) 219-0870] **AO**

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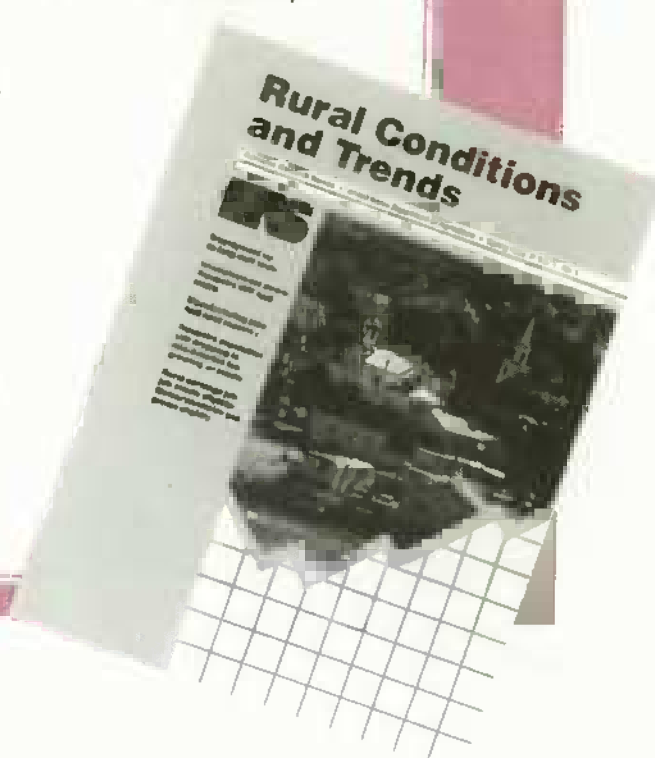
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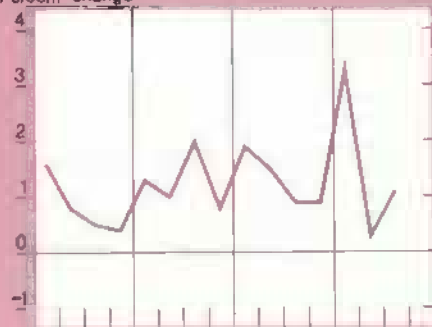


## Food and Marketing Indicators

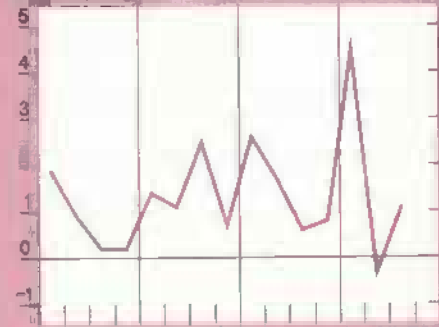
## Food and Marketing

CPI: Total food<sup>o</sup>

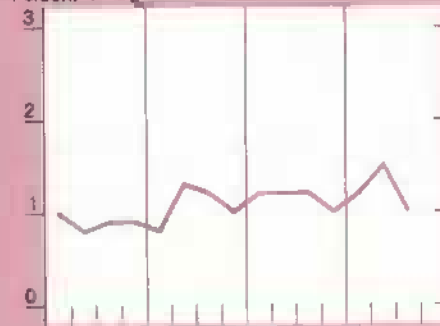
Percent change

CPI: Food at home<sup>o</sup>

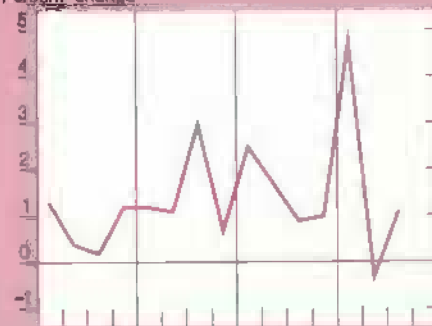
Percent change

CPI: Food away from home<sup>o</sup>

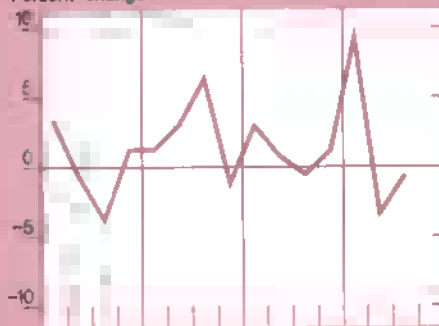
Percent change

Retail cost of food<sup>1</sup>

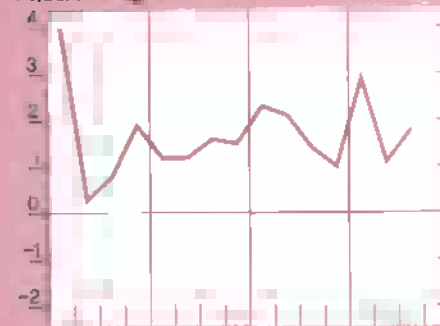
Percent change

Farm value of food<sup>1</sup>

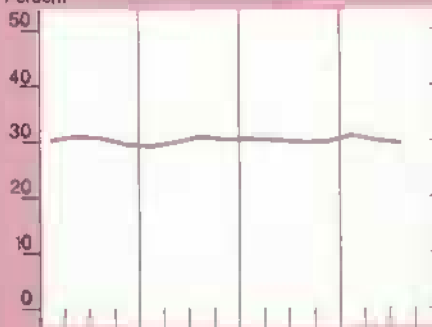
Percent change

Farm-retail spread<sup>1</sup>

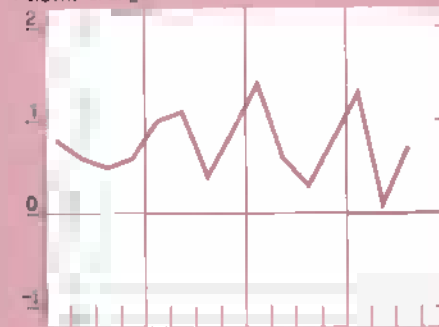
Percent change

Farm value/retail cost<sup>1</sup>

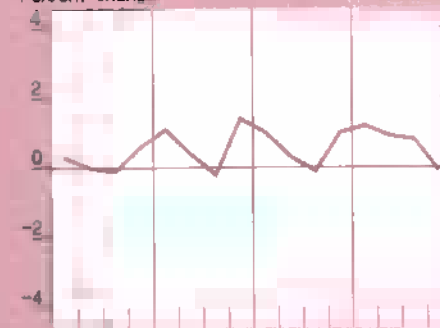
Percent

Food marketing cost index<sup>2</sup>

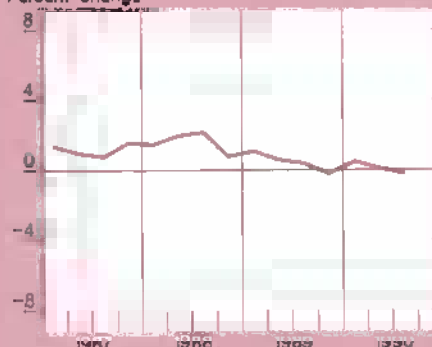
Percent change

Index of hourly earnings<sup>3,4</sup>

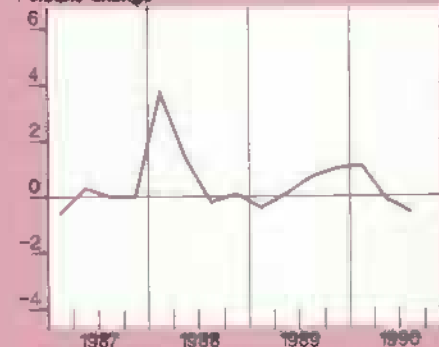
Percent change

Index of packaging prices<sup>4</sup>

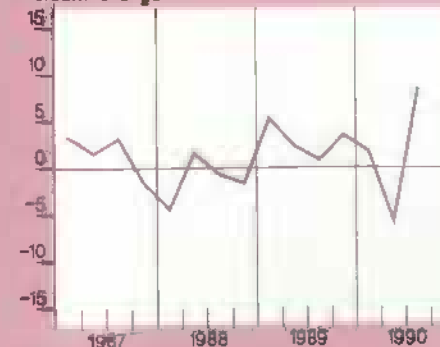
Percent change

Index of rail freight rates<sup>4</sup>

Percent change

Index of energy rates<sup>4</sup>

Percent change



<sup>o</sup>CPI unadjusted. <sup>1</sup>Index based on market basket of farm foods. <sup>2</sup>Index of changes in labor, packaging, transportation, energy, and other marketing costs.

<sup>3</sup>In food retailing, wholesaling, and processing. <sup>4</sup>Component of food marketing cost index.

All series expressed as percentage change from preceding quarter, except for "Farm value/retail cost" chart.



## Special Articles



## Soviet Import Needs Likely To Stay High

**T**he Soviets remained a top buyer of U.S. agricultural exports in 1989/90. Purchases were less than 10 percent below 1988/89's record \$3.3 billion. New and large sales of poultry and butter helped offset the decline in grain and oilseed exports.

The large Soviet grain crop just harvested is holding down their grain imports in 1990/91. The value of U.S. grain exports to the USSR probably will fall substantially, reflecting lower volume and prices.

Overall, the value of U.S. agricultural exports to the USSR is expected to drop by one-fourth or more in 1990/91. Although cigarette sales may help bolster total U.S. exports to the Soviet Union, they are not counted as an agricultural export.

Despite gains in domestic grain production, the USSR food economy faces some major problems. The problems primarily reflect the government's inability to set up conditions for shifting from the deteriorating command system to a market system.

A market system would require developing independent and competing firms while allowing markets to determine prices. For markets to efficiently allocate resources in line with consumers' desires, firms must be allowed to go out of business if revenues do not cover costs. Now, the government provides large subsidies to inefficient and unprofitable firms.

The national legislature discussed the most radical reform plan to date in September, but adopted a less detailed, more conservative program in October. This program falls short of establishing a solid foundation for a market system.

### *Soviet Economy Is Contracting*

The Soviet economy continued to falter as the Soviets debated economic reforms this fall. According to Soviet estimates, GNP was down 1.5 percent from a year earlier in the first three quarters of 1990.

Although production of nonfood consumer goods increased more than 13 percent in the first half of 1990, output of oil, coal, and most producer goods fell. And the Soviet trade deficit with the developed West for the first 9 months of 1990 was over \$4.5 billion, about even with a year earlier.

Overall foodstuff production increased only 0.8 percent during the first 9 months of 1990. Although production of whole milk products was up 2 percent, meat production was down about 3 percent.

This year's weather was excellent for most crops. These crops could mean bigger domestic food supplies and reduce the need for agricultural imports in 1991. Gains in agricultural output could give a significant boost to the economy. Agriculture accounts for 20 percent of GNP and over half of all retail sales are for farm-based products.

However, systemic problems with the Soviet economy in general and with the agricultural sector in particular are keeping the food sector in turmoil and contributing to the overall deterioration in living standards. These problems inhibit efficient operation of farms, food processors, trading organizations, and input suppliers. In comparison, the wet harvest weather this year was a relatively minor contributor to the economic problems.

Soviet food problems reflect the absence of functioning markets. Current food supplies are adequate calorically. National per capita meat consumption is close to that of Norway, Sweden, and Great Britain. A small decline in Soviet meat supplies does not mean that people will go hungry.

However, the lack of variety, quality, and convenience in food products frustrates consumers. Moreover, relatively high money growth, lack of other consumer goods, and relatively low food prices raise the pressure on food supplies. Problems with the food distribution system have led to shortages of key food items in Moscow and Leningrad.

### *Price Ceilings To Remain*

Food prices in state retail stores have not risen appreciably since the early 1960's. Soviet consumers resist going to other outlets, such as cooperative markets, where food prices are higher, but supplies are more abundant and of higher quality.

About 58 percent of meat and meat products, 80 percent of milk, 56 percent of eggs, 25 percent of potatoes, and 45 percent of vegetables pass through the state trade network. This year, subsidies to cover the difference between increased production, processing, and marketing costs and low retail food prices in state stores may reach 20 percent of the national budget expenditures.

The October reform program calls for market prices for most retail goods by 1992, yet still allows local governments to set controls. Also, the national government will keep price controls on certain breads, meat, and dairy products, vegetable oils, and sugar at least through 1992.

The fewer foods covered by price controls, the better chance that market-determined retail prices will rationalize consumer food demand by cutting waste and time spent standing in lines.

Transferring payment for consumer food subsidies from farm and processing points to retail outlets as proposed in the radical September plan would have led processors and marketing concerns to cut waste. Gorbachev's October decree on increasing the use of contract prices in wholesale trade will put upward pressure on farm output costs. The higher costs will raise the subsidies to cover sales of commodities still subject to price controls in state stores. The higher costs also are likely to raise prices in cooperative markets.

The radical September draft proposed that local funds be used to pay for food subsidies (the October compromise did not mention this change). If local governments rather than the national government were responsible, they might choose to cut subsi-

dies and raise prices, and thus lower the quantity of food demanded.

For example, Estonia announced in the summer that retail meat and milk prices would increase about 250 percent in October. The increase largely would remove consumer subsidies on meat, discourage purchases of relatively plentiful Estonian meat by those from neighboring areas, and even lead Estonians to seek cheaper meat in neighboring areas.

However, the governments in the neighboring republics can respond by refusing to allow outsiders to buy meat in state stores. And the authorities may need to issue ration cards to stop their citizens from buying in state stores and reselling to Estonians.

The October reform provision to index incomes to inflation will increase the pressure on the food market. Conversely, measures to control the money supply and absorb the monetary overhang may help offset this pressure. Some of the excess cash is to be absorbed through sales of housing, stocks, nonfood consumer goods, and services.

However, the Soviets are finding it difficult to control the money supply. The latest reform plan appears to withdraw from the commitment to stop lending to firms that are losing money, a major cause of the increased money growth.

One reason for the USSR's high-cost, low-quality food production is the lack of competition within the food processing and trading sectors. Post-harvest losses remain high. Losses of potatoes, fruits, and vegetables are reportedly 30-40 percent of the crops. Less than 20 percent of vegetables and 2 percent of potatoes are processed. Although annual potato and vegetable production is about 100 million tons, storage capacity is only 22 million tons.

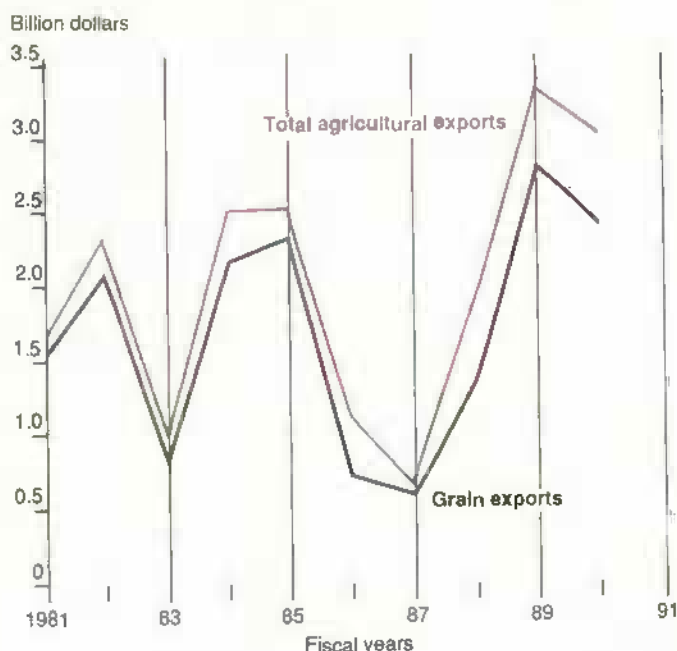
The compromise reform program lists trade and public catering as priority areas for denationalization and privatization. The program also calls for breaking up firms in the agricultural purchasing and processing sector.

The program emphasizes putting small-scale processing units in rural areas and transforming large processing enterprises into joint stock companies. Improving food processing equipment is a priority item for centralized government investment and imports.

### *Price Controls Limit Farm Productivity*

The low productivity of Soviet agriculture raises costs. International comparisons suggest that the USSR has the potential to boost this productivity. For example, U.S. spring wheat yields are a third higher than the USSR's. Corn yields in the U.S. bordering Canada and in Canada are twice the Ukraine's. Sunflowerseed yields in Czechoslovakia and Hungary are a third

U.S. Grain Exports to the Soviet Union Declined In 1990



## Special Articles

higher than in the USSR. The Soviets use 70 percent more fertilizer on irrigated cotton land than do farmers in California and Arizona, yet Soviet yields are little more than half.

In developing the reform programs, a vocal conservative faction argued that a lack of equipment rather than a lack of markets explains the low farm productivity. Others argued that the economic system was the reason that, after the nation spent a quarter of its total investment in the last two decades on agriculture, farms remain so inefficient.

The conservative faction held sway in late 1989. The 1990 budget reduced state centralized agroindustrial investment only a little, but chopped overall centralized investment 30 percent. However, the radical September plan showed that some leaders now accept that the system needs to change more than it needs additional resources.

The radical September plan specifically addressed ways to make the agricultural input industry responsive to farmers' needs. The radical plan would have allowed land sales, but the program adopted in October does not. The adopted program does call for the resources of inefficient, unprofitable state and collective farms to be redistributed to other units such as peasant farms and industrial enterprises.

The October compromise calls for a mechanism to maintain parity between agriculture and nonagricultural prices. Such a link would drop the pressure on farms to raise productivity. By keeping farm prices relatively high, this mechanism will remove some of the incentives to hold down farm production costs.

The state's convoluted set of wholesale prices complicates marketing and interregional flows. For example, the Soviets announced in the spring of 1990 that they would raise farm purchase prices for animal products in January 1991. Farmers began to postpone sales waiting for the higher prices.

In response, the Russian republic moved the local price increase forward to September. Farmers in the Ukraine then began to truck products to the Russian republic to take advantage of the higher prices. The Ukrainian government responded by restricting sales outside the republic. So finally the national government advanced the date for the purchase price increases.

The state's wholesale prices contribute to the food problem in other ways. For instance, prices paid to farms for grain and most other agricultural commodities are linked to production costs. So high-cost producers receive the highest prices. Such pricing discourages specialization in low-cost areas and decreases the incentive to improve farm efficiency.

Workers at unprofitable farms receive the same wages as those at much more efficient, profitable ones. Neither the September proposal nor the October program mentioned explicitly the need to end zonal pricing for state purchases of agricultural commodities. Both, however, called for increased use of contract prices.

The zonal grain prices, combined with standard prices for state-produced mixed feed throughout the country, discourage farms from selling grain to the state in the most productive areas. Farms in these areas may even choose to feed high quality wheat to livestock rather than sell it to the state only to buy back relatively expensive, poorly formulated, mixed feeds.

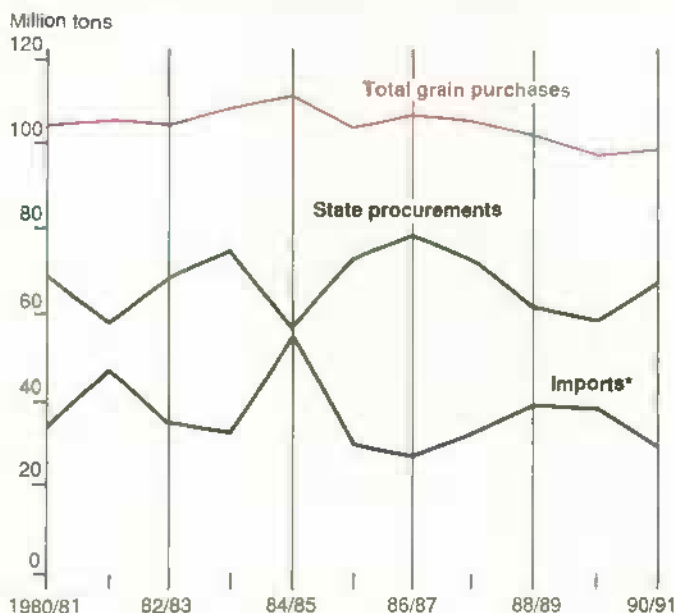
### Local Areas Gain Some Control

The political reforms so far have given republic and local leaders more freedom to pursue local interests. Local areas, and in some cases entire republics, are stopping food sales to nonresidents, rationing sales to residents, and stopping food exports. Nonagricultural areas are threatening to withhold shipments of raw material and manufactures until they receive more food supplies.

The national government redistributes more grain than meat from surplus to deficit areas. Thus, republic and local leaders in major agricultural areas are not pressuring farms to sell grain to the state. The leaders prefer that farms in their areas feed their own grain to livestock. This allows them to improve local food supplies and trade meat for goods from other areas.

In 1989, farms sold the state the smallest share of the grain crop in 30 years. In the face of declining sales, the Soviets raised grain prices twice in the last 2 years and started paying hard currency to some farms for above-average sales. These measures helped raise farm sales to the state this year, but so did tight on-farm storage capacity.

Soviet Grain Imports Fall As Domestic Procurements Rise



\*June-July; 1990/91 forecast.



Government grain purchases support the state milling and mixed feed industry and form the basis for redistributing grain among the republics. State enterprises are responsible for virtually all food grain milling and production of pasta and bakery products. The state mixed feed industry supplies the large state-owned poultry and hog complexes, which produce about 60 percent of the nation's poultry and 20 percent of the pork. The state-owned operations have lower feed conversion ratios than do unspecialized farms.

Anomalies in Soviet commodity pricing also have held down growth in oilseed production and protein feed imports. The USSR has a chronic protein shortage in animal feeds, estimated at 10-15 million tons in soybean meal equivalent. Oilseed meal accounts for only about 5 percent of mixed feed ingredients, compared with about 20 percent in most Western countries.

State-set prices discourage mixed feed producers from using more oilseed meals in their products. Western and Soviet analysts agree that raising the protein content of feeds would raise animal productivity, improve feeding efficiency, and increase animal product output in the USSR. Soviet animal productivity is about one-half that in the U.S.

The large degree of state price control under the October reform program will continue to provide opportunities to make large profits from arbitrage through black market activities. Rather than fully freeing prices, Soviet leaders enacted legislation to control the administrative price system's negative effects, which they call speculation and profiteering.

Such laws in late 1989 severely limited developing the cooperative sector's role in trade. In October 1990, yet another bill set sentences of up to 2 years of corrective labor for persons convicted of speculation. Speculation is defined as buying goods from state trading outlets and consumer cooperatives and reselling them for profit.

### ***Food Imports Needed For the Short Term***

Since at least the early 1980's, an explicit goal of Soviet policy has been to cut agricultural imports. For the last year or more, many Soviet analysts and politicians have been extremely critical of agricultural imports. However, the radical September reform plan stated that food imports would be important to market stabilization during the transition phase. The October program does not explicitly mention food imports.

The breakdown of the Soviets' administrative trade system and dislocations during the reform likely will prop up the nation's need for sizable food imports in 1991. The government's problems in enticing farms to sell grain for the state's milling and mixed feed industries will result in continued grain imports.

Oilseed imports would grow if the new wholesale prices improved incentives to use more oilseed meal. However, the oilseed imports, as with all bulk agricultural commodities,

depend on allocations of hard currency from the national government.

The national government and some republics may want to increase imports of animal products, vegetables, fruits, and other foods for major cities such as Moscow and for remote nonagricultural areas. Lower imports of these commodities from some East European countries would promote increased sales from the West.

The ability of the Soviets to finance imports has been strained over the last several years. Soviet hard currency debt to the West increased about threefold from the early 1980's to \$33 billion in 1989. The debt grew as lower oil and gold prices cut export earnings and lessened the ability of other oil exporters to pay for Soviet arms.

The debt also helped pay for increasing imports of nonfood consumer goods. Perhaps a quarter of the \$13 billion in increased Soviet imports from 1987 to 1989 was for grain. The rest was for more consumer and capital goods.

Nonfood consumer imports will remain a priority item as the government seeks to cut the budget deficit. The state resells imported nonfood consumer goods at relatively high prices. It has resold imported agricultural raw commodities, however, at relatively low prices.

The Soviets have been better able to finance agricultural imports since the summer because agricultural export prices have declined, world energy prices have increased, and import needs for grain are lower this year.

However, the hard currency earnings gain has not been as great as the higher oil prices alone might indicate. The Soviets lost large sales of military equipment to Iraq. Furthermore, the downturn in domestic oil production due to domestic problems also has led to a cutback in exports, although in 1990 most of the decline was in soft-currency sales to Eastern Europe.

### ***National Government Still To Control Trade***

The ability to contract for large agricultural imports probably will remain with the national government. The October compromise apparently maintains national control of the major exports, including energy and gold. Thus, the national government will remain in control of the bulk of hard currency earnings, which it can distribute at its discretion.

The national government is resisting the allocation of hard currency to the republics for imports of raw materials. Most republics are challenging the national government on this issue.

The October reform program says that the government will bring payments to foreign firms up to date by the end of 1990 by expediting exports and constraining imports. One measure to improve trade is to devalue the ruble. The late October

## Special Articles

presidential decree devalued the ruble more than threefold for trade transactions.

In general, the devaluation should make exports more attractive for Soviet firms. Enterprises that finance their own imports will be most adversely affected by the higher price of imports. National foreign trade organizations, such as the grain trading foreign trade organization Eksporthleb, likely will have their hard currency allocations adjusted for the new exchange rates.

One clause in the October reform program shows the government's desire for long-term loans at preferential rates from market economies. Some Western and Soviet analysts argue that such aid will delay economic reform. They say such aid would provide a crutch for the present system and lessen the need for thorough restructuring. Others argue that aid would buy time for the government to complete its reforms.

The October reform program shows the weaknesses and strengths of a compromise. The program proclaims the commitment to a market-based economy, but delays, or in some cases avoids altogether, the measures needed for change. The compromise is an inadequate blueprint for solving Soviet food problems and, in fact, could make the situation worse. The chance of repayment of long-term loans depends upon whether subsequent proposals will form a basis for the development of a coherent economic system.

[Kathryn Zeimet (202) 219-0620] **AO**



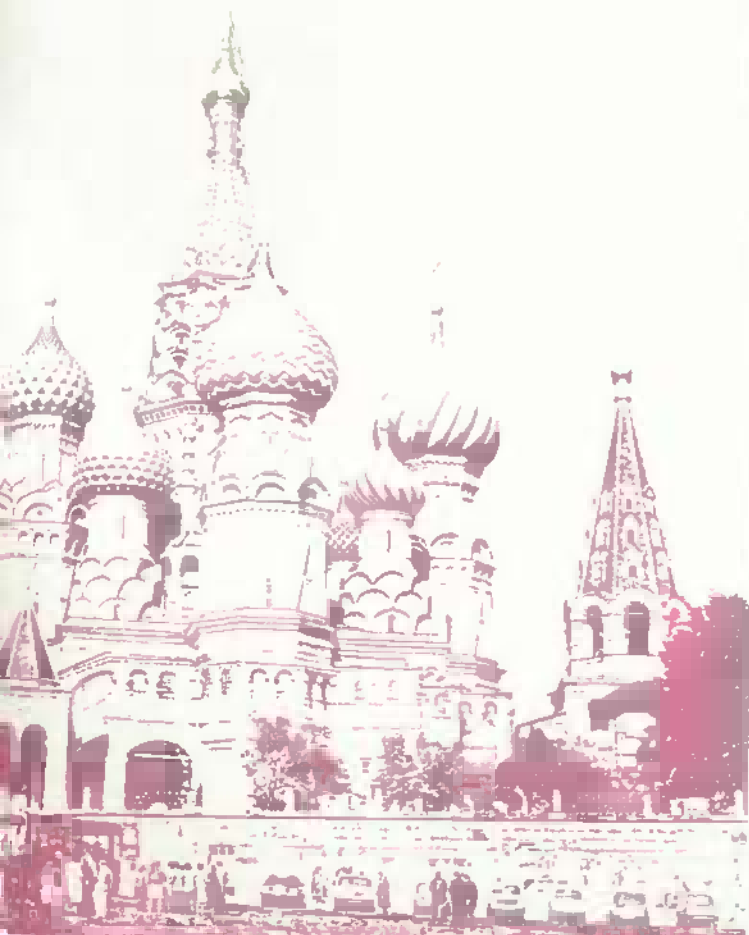
## 1990 Farm Bill Passed

**T**he 1990 farm bill, budget reconciliation, and agricultural appropriations bills were passed in the final days of the 101st Congress. These three acts will shape U.S. agricultural and food programs over the next several years.

The Food, Agriculture, Conservation, and Trade Act of 1990 (S. 2830) provides a 5-year framework for agriculture and food programs. It amends the Agricultural Adjustment Act of 1938, the Agricultural Act of 1949, the Food Stamp Act of 1977, the Food Security Act of 1985, and other farm legislation. New programs in the 1990 farm bill target fruits and vegetables, marketing, rural development, forestry, grain quality, and organic labeling. In total, there are 25 titles.

The legislation continues the market-oriented approach to farm policy contained in the Food Security Act of 1985. It continues the marketing loans for cotton and rice without many changes and establishes a marketing loan for soybeans and minor oilseeds. The accompanying side-by-side comparison of the 1985 and the 1990 bills shows the major differences. The 1990 bill in the comparison also includes provisions from the Omnibus Budget Reconciliation Act of 1990 that affect agriculture.

The 1990 farm bill ties Acreage Reduction Program (ARP) requirements to a commodity's ending stocks-to-use ratio. Target prices are frozen at 1990 levels for the 5 years, eliminating their downward trend under the 1985 farm bill.



Loan rates are to be based on 85 percent of the 5-year market price (excluding the high and low years) rather than the present 75-85 percent. The Secretary has authority to impose additional reductions. But overall, loan rates under the 1990 farm legislation likely will be higher than if the loan rate formulas of the 1985 farm bill were continued.

The 1990 farm legislation establishes a floor under the dairy price support at its current level of \$10.10 per hundredweight. The Secretary must provide options—excluding herd buyouts and price support reductions below the established floor—to limit further growth in dairy purchases.

The 1990 farm bill modifies the planting flexibility provisions of the Disaster Assistance Act of 1989 and the Budget Reconciliation Act of 1989. Under the new flexibility provision, participating producers may plant any crop, except fruits and vegetables, on up to 25 percent of their crop acreage base. If they choose to plant a crop other than their original program crop, they will be eligible for nonrecourse and marketing loans, but not deficiency payments. The flexibility option was amended by the budget reconciliation act.

For sugar, the new farm bill includes program provisions that annually guarantee U.S. buyers at least 1.25 million short tons (raw equivalent) of imported sugar. The new provision requires that marketing controls be imposed if USDA forecasts that the domestic supply of sugar would require imports of less than 1.25 million tons.

The new legislation provides for a price support program for 1991-1995 crops of sugarcane and sugarbeets through loans for raw cane and refined beet sugar at a minimum loan rate of 18 cents a pound for raw sugar, the same as the 1985 farm bill. Also, loan terms under the new program are for 9 months instead of 6. The beet sugar loan rate will be calculated on the basis of a 5-year relationship between producer returns for sugarbeets and sugarcane. USDA had been using a 10-year basis.

### ***CRP and Export Programs Modified***

The legislation also modifies the Conservation Reserve Program (CRP) and numerous export programs. The CRP will now be part of a larger program, the Agricultural Resources Conservation Program (ARC). Also included in the ARC are a new Wetlands Reserve Program (WRP), a Water Quality Incentive Program, and an Environmental Easement Program. These are designed to protect highly erodible lands, wetlands, other environmentally sensitive lands, and improve water quality. The CRP and the WRP together make up the Environmental Conservation Acreage Reserve Program (ECARP).

The Food for Peace Program (P.L. 480) was changed to specify the responsibilities of USDA and the Agency for International Development. USDA will be responsible for Title I, the concessional sales program, while AID will be responsible for Titles II and III, the food aid programs funded through federal grants. It also prioritizes least-developed countries so P.L. 480 commodities will go to areas where assistance is most needed.

The Export Enhancement Program (EEP) will continue to counter unfair trade practices and to make U.S. agricultural commodities competitive. A goal of 25 percent of EEP funds to assist sales of high-value commodities was established.

And the Targeted Export Assistance Program's name was changed to the Market Promotion Program (MP). The MP now facilitates general export promotions; priority is to be given where unfair trade practices are cited. It is broader than the TEA.

### ***Ag Spending Cut Over \$13 Billion***

The Omnibus Budget Reconciliation Act of 1990 (H.R. 5835) amended the 1990 farm bill even before the bill became law. It reduces agricultural spending more than \$13 billion from the projected cost of the 5-year farm bill of about \$54 billion in several ways. Assessments will be imposed on sugar, honey, peanuts, wool and mohair, and tobacco. And a loan origination fee will be imposed on oilseeds, and milk producers could receive a reduction in price.

In addition, deficiency payments on 15 percent of base acres will be eliminated. However, those acres can be flexed (normal flex acres). Thus, a producer with a crop acreage base of 100 acres and a 10-percent ARP would now receive deficiency payments on a maximum of 75 acres.

This also affects acres eligible for payments under the 0/92 and 50/92 programs. Producers still have the option to flex another 10 percent of their crop acreage base, but will not receive deficiency payments on the flexed acres (called optional flex acres).

For 1991-93, wheat, feed grain, and rice deficiency payments will continue to be computed using the average market price for the first 5 months of the commodity's marketing years. But for 1994-95, payments for wheat and feed grains will be computed using the lesser of the average price for the entire marketing year or the 5-month price plus 10 cents for wheat or plus 7 cents for corn. Deficiency payments for rice will be calculated using the lesser of the calendar year price or a 5-month price plus an additional amount that is fair and reasonable in relation to wheat and feed grains.

Because winter wheat farmers had already planted their 1991 crop before the legislation passed, they have the option of not collecting deficiency payments on the new normal flex acres, or having their deficiency payments calculated using the lesser of the 12-month average price or the 5-month average price plus 10 cents, as opposed to the 1985 bill's 5-month average.

The reconciliation bill also requires the corn ARP for 1991 to be at least 7.5 percent of base acres. And it specifies minimum ARP's for the 1992-95 crops. However, these will depend on ending stocks and stocks relative to use.



## Special Articles

The reconciliation act requires a marketing assessment on sugar for the 1991-95 crops. Processors of sugarcane and sugarbeets shall remit to the CCC a nonrefundable marketing assessment of 0.18 cents a pound for raw cane sugar and 0.193 cents a pound for refined beet sugar. Only initial processors are eligible to place sugar under loan with the CCC.

### Budget Act Contains "GATT Trigger"

The act also contains a "GATT Trigger" in the event an agreement on agricultural trade reform is not reached during the Uruguay Round of the General Agreement on Tariffs and Trade (GATT). The trigger authorizes changes in domestic price and income supports, as well as export programs, if world agricultural trade is not liberalized.

The Secretary would have to offer \$1 billion in additional export subsidies and adopt a marketing loan for wheat and feed grains, allowing producers to repay their loans at the world market price. In addition, the Secretary could waive the minimum ARP levels for any of the 1993-95 crops of wheat, feed grains, upland cotton, or rice.

But, this authority would be terminated if the President certified that an agreement was not reached because the "fast-track" authority was not available. Fast-track authority means Congress must accept or reject the negotiated treaty as a whole with no option to amend.

Also, if agricultural trade reform has not been implemented by the U.S. by June 30, 1993, the Secretary could waive all or part of the requirements of the reconciliation bill requiring reductions in agricultural spending.

Other agriculture budget savings provisions included in the budget reconciliation are: shifting a substantial portion of FmHA farm loans from direct to guaranteed loans; reducing Rural Electrification Administration electric and telephone loans by 25 percent; and imposing user fees for quarantine and inspection services provided to international passengers arriving on commercial aircraft or vessels.

Congress also passed an appropriations bill (H.R. 5268), providing \$52.2 billion for agriculture and related agencies for fiscal 1991. The final bill preserves the crop insurance program for 1991 with full funding. Crop insurance was to be phased out in the House version.

This program allows USDA to continue offering farmers insurance policies against crop losses. USDA is to alter the program so that premiums paid by farmers are more in line with their risk of loss. These changes will raise premiums in certain regions and for certain crops, but not all areas/crops will experience an increase. The bill also caps the Export Enhancement Program at \$425 million for fiscal 1991 and the new MP program at \$175 million. [Lori Lynch and Susan Pollack (202) 219-0689.] **AO**

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**PROVISIONS****DAIRY (Title I)**

**Price Support** is provided through government purchases of butter, cheese, and nonfat dry milk.

**Inventory Management****WOOL and MOHAIR (Title II)**

**Price Support** loans are established in terms of pulled wool's value to shorn wool. Loans for mohair are set so that approximately the same percentage of parity is guaranteed as for shorn wool.

**Payment Limitations****1985 FARM BILL (1986/87-1990/91 crop years)**

Supports were reduced from \$11.60 per cwt in 1985 to \$11.10 in 1987. Beginning in 1988, support was raised by 50 cents per cwt per year if CCC purchases were less than 2.5 billion pounds annually. If CCC purchases were more than 5 billion pounds, support could have fallen 50 cents a year.

Under the whole-herd buyout, program producers (on a bid basis) could have taken entire herds out of production for 5 years. USDA was required to offer this for 1986 and had the discretion to offer it for 1988-90.

Continued the National Wool Act of 1954. Producer incentive payments were the difference between the incentive price (based on parity) and the price received by the producer.

Payments were exempt from limitations.

**1990 FARM BILL (1991/92-1995/96 crop years)**

Sets a \$10.10 per cwt minimum support price for milk containing 3.67% milkfat. If CCC purchases are projected to exceed 5 billion pounds, the Secretary may reduce support 25-50 cents per year but not below \$10.10 per cwt; if below 3.5 billion pounds, may increase support by 25 cents; to take effect Jan. 1 each year. Reduces prices paid for dairy by 5 cents per cwt in 1991, and 11.25 cents for 1992-95. Producers who do not increase milk production from a year earlier will receive a refund of the reduction.

The Secretary of Agriculture must recommend milk marketing adjustment programs. If purchases exceed 7 billion pounds milk equivalent, total milk solids basis, the Secretary shall reduce the price received by producers.

Continues 1985 farm legislation. Establishes an assessment of 1% on incentive payments.

Establishes payment limits a person may receive under this program at \$200,000 for the 1991 marketing year, decreasing each year to \$125,000 in 1994. The payment limit applies to wool and mohair as separate commodities. Wool and mohair payments do not count against payment limits for other commodities.

## Special Articles

## PROVISIONS

WHEAT and FEED  
GRAINS (Titles III  
and IV)

Price Support is provided to program participants through direct purchases and nonrecourse loans on program crops.

## 1985 FARM BILL

Basic (statutory) loan rates were set at 75-85% of a 5-year moving average of market prices, dropping the high and low years. However, an annual basic loan rate could not have been set lower than 95% of its year-earlier value.

Adjusted (Findley) loan rates could have been set as much as 20% below the basic loan rate at the Secretary's discretion.

Income Support is provided through deficiency payments that are made when average market prices fall below the target price.

Minimum target prices were reduced for wheat from \$4.38 per bushel in 1986 to \$4.00 in 1990, and for corn from \$3.03 to \$2.75.

Deficiency payments were calculated by multiplying a payment rate times a program payment yield times the number of acres eligible for payments.

Program payment yields for 1986-90 were calculated as the average of farm program payment yields for the 1981-85 crop years, excluding the highest and lowest years.

PLD, set-aside programs, and unpaid ARP's were authorized.

An ARP was used for each major program crop each year that the programs were in effect. ARP's require program participants to reduce plantings by a specified portion of their planted acreage. ARP's also require participants to maintain their reduced acreage in conserving uses.

Acreage Reduction Programs (ARP's) and paid land diversions (PLD's) restrict the acreage that participants can plant to any one program crop. Set-aside programs differ in that a certain portion of a farm's normal acreage is idled and any of a group of crops can be planted on the remaining acreage.

## 1990 FARM BILL

Sets loan rates at 85% of a 5-year moving average of market prices, excluding high and low years. The basic loan rate may not be less than 95% of the year-earlier value. For the adjusted rate, annual noncumulative discretionary reductions of up to 10% based on an ending stocks-to-use formula are allowed.

For wheat:

Stocks/use	Adjustment
30% or more	up to -10%
between 15-30%	up to -5%
less than 15%	0%

For corn:

Stocks/use	Adjustment
25% or more	up to -10%
between 12.5-25%	up to -5%
less than 12.5%	0%

Sets the minimum basic loan rate for wheat at \$2.44 a bushel, for corn at \$1.76, unless these exceed 80% of the 5-year average market price determination. The Secretary has the discretion to reduce loan rates by an additional 10%. Marketing loans are permitted at the Secretary's discretion.

Minimum target prices are frozen for wheat at \$4.00 per bushel, corn at \$2.75, oats at \$1.45, sorghum at \$2.61, and barley at \$2.36.

Barley deficiency payments will be based on the average market price for feed barley, instead of all barley.

For the 1991-93 crop years, deficiency payments will be based on 5-month average market prices. For 1994-95, they will be based on the lesser of the 12-month price or the 5-month price plus 10 cents for wheat (plus 7 cents for corn).

Payment yields for program crops will continue to be frozen.

ARP's and PLD's are authorized. ARP levels will be determined by the ratios of ending stocks to total use. The ARP for 1991 wheat is mandated at not less than 15%, and for 1991 corn at not less than 7.5%.

For wheat:

Stocks/use	ARP
more than 40%	10-20%
40% or less	0-15%



## PROVISIONS

## 1985 FARM BILL

**0/92 Program** is an optional acreage diversion in which producers devote all or a portion of their permitted acres in excess of 8% of required acreage to conserving uses and can receive deficiency payments on a portion of these acres.

**Cross Compliance** requires that a farmer participating in a program for one crop must also meet the program provisions for other major program crops that the farmer grows.

### COTTON and RICE (Titles V and VI)

#### Price Support

The basic loan rate for cotton was set at the lesser of 85% of the 5-year average spot market price, dropping high and low years, or 90% of the average adjusted price for a 15-week period of the 5 lowest-priced cotton growths quoted in Northern Europe.

For rice, the basic loan rate was set at 85% of the 5-year average producer price, dropping the high and low years. Rates could not have been reduced more than 5% from the year-earlier value. Set minimum loan rates of 50 cents per pound for cotton and \$6.50 per cwt for rice.

Mandatory marketing loans allowed loan repayments at the lower of the prevailing world market price or the announced loan rate.

#### Income Support

Minimum target prices were reduced for cotton from 81 cents per pound in 1985 to 72.9 cents in 1990, and for rice, from \$11.90 per cwt to \$10.71. Deficiency payments were calculated using a 12-month average price for cotton, and a 5-month average for rice.

## 1990 FARM BILL

For corn:

Stocks/use	ARP
more than 25%	10-20%
25% or less	0-12.5%

ARP's can be set separately for each of the feed grains. A zero ARP for oats is mandated for all 5 years.

Authorizes a trial program in which producers in 15 counties in each of two states can meet ARP requirements by limiting marketings rather than idling acres. (Required for 1992 or 1993 crops.)

Similar to 1985 farm legislation except 0/92 payment acreage will be limited to not more than 92% of permitted acreage minus normal flex acres. Planting of minor oilseeds will be allowed. Producers have the option of receiving deficiency payments or oilseed loans, but not both. Payment will be at least equal to the projected deficiency payment rate.

Cross compliance cannot be imposed. Producers cannot build base if they are eligible to receive deficiency payments for any crop on their farm.

Similar to 1985 farm legislation. Continues the minimum rates of 50 cents per pound for cotton and \$6.50 per cwt for rice.

Marketing loans continue to be mandatory for cotton and rice. Producers can repay loans at the lower of the prevailing world price or the announced loan rate.

Target prices are frozen for five years at 72.9 cents per pound for cotton and \$10.71 per cwt for rice.

Calculations of deficiency payments will remain the same for cotton. Payments will be calculated using a 5-month average price for rice for 1991-93 and a 12-month calendar year average price for 1994-95.

## Special Articles

## PROVISIONS

## Acreage Reduction Program

**50/92 Program** is a voluntary program whereby cotton and rice producers plant at least 50% of a crop's permitted acreage and designate at least 8% in excess of required conserving use to conserving use (CU).

## 1985 FARM BILL

Maximum ARP for cotton was set at 25%; for rice at 35%.

The Secretary was encouraged to operate programs like a voluntary PLD to maintain ending stocks at 4 million bales for cotton and 30 million cwt for rice.

Deficiency payments were not received on 8% of CU acres. However, on the remaining CU acres, producers could receive deficiency payments. Production of alternative nonprogram crops was permitted at the discretion of the Secretary, but producers had to forego any 50/92 payments on those acres.

## OILSEEDS (Title VII)

## Price Support

For soybeans, the basic loan rate was set at \$5.02 per bushel in 1986-87. For 1988-90, the loan rate equaled 75% of a 5-year moving average of farm prices, dropping the high and low years. The maximum drop from the previous year was 5% and \$4.50 was the minimum loan rate.

## PEANUTS (Title VIII)

## Price Support

Created a two-tiered system that included "quota" peanuts (primarily sold for domestic use) and "additional" peanuts (mostly sold for export). Quota peanuts were supported at \$631.47 per short ton in 1990. Additional peanuts were supported at \$149.75 per short ton.

## Quota

A minimum quota was set at 1.1 million tons. Each year's quota was set equal to estimated domestic disappearance.

## 1990 FARM BILL

Maximum ARP for cotton is set at 25%; for rice at 35%. A zero ARP is permitted.

The Secretary is encouraged to operate an ARP and programs like a voluntary PLD to achieve an ending stocks/use ratio of 30% for cotton and 16.5-20% for rice.

For cotton, if the Secretary projects a carryover of more than 8 million bales, he must offer a PLD with a payment rate of not less than 35 cents per pound.

Is similar to 1985 farm legislation except the deficiency payment for 50/92 acreage cannot be less than the projected deficiency payment rate. Payment acreage is limited to not more than 92% of permitted acreage minus normal flex acres.

For the first time, includes mandated support for minor oilseeds—sunflowers, canola, rapeseed, safflower, flaxseed, mustard seed, and others as determined by the Secretary. Establishes for soybeans a marketing loan rate of not less than \$5.02 per bushel for 1991-95 and for minor oilseeds of not less than 8.9 cents per pound.

To cut administrative costs, loan deficiency payments (based on the difference between the loan rate and the world price) will be available to producers who agree not to place their crop under loan. There will be a 2% loan origination fee on oilseeds.

Support for 1991-95 crops of quota peanuts will be based on the previous year's rate adjusted for production costs. But the annual increase is not to exceed 5%. The rate for additional peanuts will be established by the Secretary. Establishes an assessment fee of 1% of the loan rate.

A minimum national quota will be set at 1.35 million tons. The quota appropriated to each state will be equal to the percent allocated for 1990.

## PROVISIONS

### SUGAR (Title IX)

#### Price Support

Sugarcane prices were supported through nonrecourse loans at not less than 18 cents per pound for raw sugarcane. Sugarbeet loan rates were set in relation to sugarcane rates. The President was required to use all available authority to ensure that the program operated at no net cost to the government. Import quotas were the primary tool used.

#### Marketing Allotments

No provisions.

### HONEY (Title X)

#### Price Support

The loan rate could have dropped 5% per year during 1988-90, but not have been less than 75% of a moving average market price, dropping the high and low years. The Secretary could have implemented a marketing loan.

#### Payment Limitation

Budget Reconciliation Act of 1987 set a \$250,000 maximum.

### GENERAL PROVISIONS (Title XI)

#### Acreage Base and Yield

Farm acreage base equaled the sum of crop acreage bases. Included soybean and conserving use acres in 1987-90. Crop acreage base equaled the average of acres planted and considered planted during the previous 5 years. For upland cotton and rice, base could not exceed average planted and considered planted during the previous 2 years. In addition, for cotton and rice, any years with zero plantings in 1981-83 did not count. The Secretary could allow offsetting adjustments of 10% in individual crop bases.

Farm program payment yields for 1986-87 equaled the average of farm program yields during 1981-85, excluding high and low years. The Secretary could have frozen payment yields for 1988-90 or based yields on a 5-year moving average.

## 1990 FARM BILL

The loan rate will remain the same as under 1985 farm legislation. The no-net-cost provisions will continue. Assessments of 1% of the loan rate will be placed on processed sugar.

Mandatory domestic marketing controls for sugarcane and sugarbeets will be triggered if USDA projects that imports will fall below 1.25 million short tons. A 200,000-ton sugar-equivalent limit on marketings is set for crystalline fructose.

The loan rate will be set at 53.8 cents per pound. The Secretary may implement a marketing loan. To cut administrative costs, loan deficiency payments (based on the difference between the loan rate and the world price) will be available to producers who agree not to place their crop under loan. Establishes an assessment fee of 1% of the loan rate on all honey extracted and marketed through handlers.

Payment limit will decrease from \$200,000 in 1991 to \$125,000 in 1994 and subsequent years.

For wheat and feed grains, the crop acreage base will be determined in the same way as under 1985 farm legislation. For upland cotton and rice producers, base for 1991 crop (if the producer did not participate in the 1989 or 1990 program) and 1992 (if did not participate in the 1990 or 1991 programs) will equal the average of acres planted and considered planted during the previous 5 years, excluding years in which no cotton or rice was planted, but not less than the average of the previous 2 years. Otherwise, for upland cotton and rice, bases will be set using the previous 3-year average of planted and considered planted acreage.

Payment yields are frozen at 1990 payment levels.



## Special Articles

## PROVISIONS

## Planting Flexibility

## 1985 FARM BILL

For 1990, soybeans, sunflowers, or safflowers could have been planted on up to 25% of permitted program crop acreage without the loss of program base acres. Also, approved nonprogram crops could have been planted on up to 20% of permitted program crop acreage without the loss of base if: (1) at least 50% of permitted acreage was planted to the program crop for harvest, and (2) deficiency payments were not received on permitted acres that were maintained in conserving use (i.e., 0/92 and 50/92 acres). Oats could have been substituted for other program crops without loss of crop acreage base history.

## Payment Limitations

Set at \$50,000 per person limit for deficiency and diversion payments; a \$100,000 limit for disaster assistance; and a total limit of \$250,000 for annual program payments, resource adjustments, disaster payments under annual programs, any gain realized from repaying a loan for a crop at less than the original loan level, and emergency compensation payments (Findley). Established a separate \$50,000 limit for payments under the Conservation Reserve Program.

## Advance Deficiency and Diversion Payments

Payments could have been in cash or in-kind. No more than 50% of an advance payment could have been made in-kind. The advance could not exceed 50% of the estimated total payment.

## Farmer-owned Reserve (FOR)

If the wheat FOR were less than 300 million bushels, the feed grain FOR were less than 450 million bushels, and farm prices were less than 140% of the loan rate, the Secretary must have offered incentives to encourage placements into the FOR. The wheat FOR could not have exceeded 30% of total wheat use. The feed grain FOR could not have exceeded 15% of total use.

## STATE and PRIVATE FORESTRY (Title XII)

No provisions.

## FRUIT, VEGETABLE and MARKETING (Title XIII)

No provisions.

## 1990 FARM BILL

Under the flexibility option, crop acreage base is divided into three categories: ARP, permitted acreage (on which program crop is planted and deficiency payments may be paid), and flexible acreage. For 1990 farm bill, producers can plant up to 25% of crop acreage base to any commodity, except fruits and vegetables, on flexible acres. If an alternative crop is planted on this acreage, it will be eligible for nonrecourse and marketing loans but not deficiency payments.

A producer will not receive deficiency payments on ARP acres nor on 15 percent of crop base, regardless of the crop planted. If a farmer plants another crop on up to an additional 10 percent of base, the farmer will not receive deficiency payments on those acres, but will preserve base history.

Sets a \$50,000 per person limit for deficiency and diversion payments; \$75,000 for marketing loan gains, loan deficiency, and Findley payments; and an overall limit of \$250,000. With the 3-entity rule still applicable, certain individuals could receive as much as \$250,000 in total payments. Conservation Reserve Program, wool and mohair, and honey program payments have separate limits.

Will be the same as under 1985 farm legislation. Special repayment provision for 1988-89 overpayments will be established for those affected by natural disasters and who must refund at least \$1,500.

The Secretary will have authority to allow entry into FOR only if (1) the projected wheat ending stocks/use ratio exceeds 37%, or for corn's exceeds 22.5%; or (2) the market price for wheat or corn is less than 120% of the loan rate. If both conditions are met, Secretary must permit entry into FOR. Storage subsidies will stop when prices are 95 percent of target. Interest payments may be levied when prices reach 105% of target.

Will expand USDA's authority to provide cost/share assistance to states, establish programs to protect and improve forest lands, encourage urban forestry activities, and create a foundation to promote tree planting.

Grade standards will be evaluated for their effects on pesticide use. A fee-supported National Accreditation Program will accredit labs for residue testing. A 2-year pilot program to label products by country of origin will be required. Specific imported commodities will have to comply with domestic marketing order regulations.

## PROVISIONS

### CONSERVATION (Title XIV)

**Sodbuster** provisions protect highly erodible land by denying program benefits to producers not using conservation practices.

**Swampbuster** provisions promote wetland conservation.

**Pesticide recordkeeping**

**Agricultural Resources Conservation Program (ARC); Conservation Reserve Program (CRP)**

## 1985 FARM BILL

Required producers to place highly erodible land under approved conservation plans as a condition for receiving program benefits. Failure to comply meant the loss of eligibility for programs benefits.

Wetland conservation provisions denied program benefits to anyone who planted an agricultural commodity on wetlands converted after December 25, 1985.

Violations occurred when the crop was actually planted on a converted wetland.

No provisions.

Established a reserve of up to 45 million acres of highly erodible land. Under the CRP, USDA paid rent to landowners and farm operators for taking highly erodible land out of production for 10 years. Producers submitted bids to enroll land and received annual rental payments.

## 1990 FARM BILL

The list of program benefits lost for sodbuster violations will be expanded.

Graduated sanctions of \$500-\$5,000 will be possible for inadvertent violations of a compliance plan or planting without a plan if no more than one violation has occurred in the last 5 years.

The list of program benefits lost for swampbuster violations will be expanded. Violation will occur when wetland is drained. On-site reviews will be required before imposing penalties.

Graduated sanctions of \$750-\$10,000 will be possible for inadvertently drained wetlands if a producer agrees to restore the wetland and has not violated the prohibition on draining wetlands in the previous 10 years. Producers will be exempt from loss of farm-program benefits if the drainage has a minimal effect or the producer has restored another wetland to its natural state.

Pesticide applicators and farmers will have to maintain records on the use of restricted-use pesticides. They will have to keep the records for 2 years, and make them available to government agencies dealing with pesticides.

A new program, the **ARC**, will be formed which contains the existing CRP, a new Wetlands Reserve Program (WRP), a new Water Quality Incentives Program (WQIP), and a new Environmental Easement Program. The newly established Environmental Conservation Acreage Reserve Program (ECARP) includes both the CRP and WRP.

ECARP enrollment will be set at not less than 40 million acres or more than 45 million acres by 1995.

Environmentally sensitive lands, shelterbelts, windbreaks, and marginal pasture land on which trees have been planted will all be eligible.

Under the voluntary WRP, producers will be able to enroll up to 1 million acres of wetlands into paid easements of 30 years or longer. Priority will be given to enrolling wetlands that enhance wildlife habitat.

Under the WQIP, producers can enroll up to 10 million acres. Farmers who work with USDA to develop and implement plans to reduce water pollution can receive incentive payments of \$3,500 a year and up to \$1,500 in cost sharing. Producers who improve wildlife habitat may receive up to \$1,500 more in cost sharing.

## Special Articles

## PROVISIONS

## 1985 FARM BILL

Integrated Farm  
Management Program  
(IFMP)

No provisions

### AGRICULTURAL TRADE (Title XV)

P.L. 480 provides overseas commodity assistance through concessional sales and donations of food to developing countries. Also aims to expand longer term commercial demand for U.S. agricultural products.

Title I included concessional sales tied to self-help economic development conditions in recipient countries. Title II was a food donation program. Title II donations were distributed through private voluntary organizations, the World Food Program, and recipient governments. Title III allowed forgiveness of Title I debt.

Cargo Preference requires exports of government-owned commodities or products shipped under government-financed arrangements to be carried on U.S.-flag vessels.

Did not apply to any commercial export activities of the Secretary or CCC including exports under blended credit, short-term export credit sales, or barter agreements. Did not apply to P.L. 416 and 480 concessional sales which instead required 75% of their total shipments to be carried on U.S. flag vessels.

#### Export Programs

Authorized GSM-103 which included intermediate credit (3-10 years) for sale of CCC and private stocks to develop, expand, and maintain foreign markets for long-term commercial sale of agricultural products. Authorized GSM-102 which included short-term export credit guarantees to expand commercial exports with deferred payment up to 36 months.

## 1990 FARM BILL

The Environmental Easement Program will ensure long-term protection of environmentally sensitive lands through easement agreements. The program will share up to 100% of the costs to carry out conservation measures.

This program is designed to assist producers in adopting resource-conserving crop rotations by protecting participants' base acreage, payment yields, and program payments. The program has an established goal of enrolling 3 to 5 million acres over a 5-year period.

Title I includes government-to-government concessional sales and contains shorter maximum repayment terms. Title I offers debt relief and will be implemented by USDA. Title II includes emergency and private assistance donations and increases the minimum tonnage requirements by 25,000 metric tons per year. Title II will be implemented by the Agency for International Development (AID).

Will give the President the authority to reduce P.L. 480 Title I debt repayment.

A new Title III Food for Development program is created. Title III includes government-to-government grants for least developed countries and will be implemented by AID.

Food for Progress and Farmer-to-Farmer programs are reauthorized.

Establishes the Enterprise for the Americas Facility within the Treasury Department to improve Latin American and Caribbean economies and environments.

Creates a new category of American Great Lakes vessels that will be exempt from certain restrictions provided they operate only on the Great Lakes during the Great Lakes shipping season. Requires the CCC to make port allocations, based on lowest landed cost, for 50% of bagged, processed, or fortified commodities shipped under P.L. 480's Title II.

The CCC will guarantee only U.S. agricultural commodities under GSM-102 and GSM-103 programs. The CCC will make at least \$5 billion annually available for GSM-102 guarantees and at least \$500 million annually for GSM-103.



## PROVISIONS

## 1985 FARM BILL

The Targeted Export Assistance Program was established to offset adverse effects on producers of unfair trade practices.

The Export Enhancement Program was established to expand exports and offset unfair trading practices of other nations by effectively lowering export prices through release of CCC-owned stocks to U.S. exporters who had verified export sales.

## RESEARCH (Title XVI)

## Existing Programs

Competitive research grants were authorized at \$70 million per year for 1986-90.

## Sustainable Agriculture

No provisions.

## Agricultural Research Commercialization Center

No provisions.

## Water Quality, Agricultural Weather, Environmental Quality, Food Safety, and Global Change Research

No provisions.

## FOOD STAMPS and RELATED (Title XVII)

Food Stamp program aided qualified low-income households with food purchases. To be eligible for food stamps, an individual could have no more than \$2,000 in assets. Pilot electronic benefit transfer projects were conducted. Homeless could use food stamps in soup kitchens and restaurants.

## Commodity Distribution Programs include programs like the Commodity Supplemental Food Programs (CSFP).

Commodity distribution programs gave surplus government-owned food to needy individuals, charitable institutions, American Indians, and the elderly.

## Temporary Emergency Food Assistance Program (TEFAP)

TEFAP continued.

## 1990 FARM BILL

Renames the Targeted Export Assistance Program the Market Promotion Program. Will expand new program to facilitate general export promotion activities on a cost-share basis. Gives priority to markets where unfair trade practices are cited. For fiscal 1991, maximum funding is set at \$175 million.

For fiscal 1991, the maximum funding for the Export Enhancement Program is set at \$425 million. Encourages the Secretary to establish an objective of 25% of EEP funds for export of high-value commodities.

Reauthorizes grant programs for five years and increases authorization for competitive research grants from \$70 million to \$500 million by 1995.

Authorizes \$400 million over 5 years for research into reducing the use of agricultural chemicals, training extension agents, preparing new technical guides, and setting up a federal-state matching grant program.

An Applied Agricultural Research Commercialization Center will be established to assist research, development, and commercialization of new nonfood products from agricultural commodities through grants, loans, and interest subsidy payments.

Water quality research and education programs are created. Establishes the Office of Agricultural Weather within USDA. The Office of Environmental Quality will be created to evaluate the effects of agriculture programs on the environment. A grant program will be established for research on food safety topics. Will evaluate the effect of global climate change on agriculture and forestry.

Reauthorizes the Food Stamp program for 5 years with simplified rules. Additional penalties for fraud and misuse of food coupons will be imposed. Electronic benefit transfer (EBT) program is encouraged. Authority to use food stamps in soup kitchens and restaurants is extended permanently.

Reauthorizes CSFP and other programs.

The Emergency Food Assistance Program (TEFAP) is reauthorized and is no longer temporary. Purchase "requirements" have changed to purchase "authorizations."

## Special Articles

### PROVISIONS

#### CREDIT (Title XVIII)

**Farmers Home Administration (FmHA)** is also known as the farm lender of last resort.

**Farm Credit System (FCS)** is a combination of cooperatively owned financial institutions that finance farm and farm-related mortgages and operating loans. FCS institutions specialize in making farmland loans and operating credit, or loans to farmer-owned supply, marketing, and processing cooperatives. They rely on the bond market as their source of funds.

#### AGRICULTURAL PROMOTIONS (Title XIX)

#### GRAIN QUALITY (Title XX)

#### ORGANIC FOOD STANDARDS (Title XXI)

#### CROP INSURANCE And DISASTER ASSISTANCE (Title XXII)

### 1985 FARM BILL

The Secretary could make or guarantee real estate loans, operating loans, and emergency loans to individuals whose primary business is farming and ranching. The loans were targeted to family-sized farmers who were unable to obtain sufficient credit elsewhere on reasonable terms.

Real estate loans were not to exceed \$300,000; direct loans \$200,000; operating loans, \$400,000 for guaranteed loans or, \$200,000 for direct loans; and emergency loans were not to exceed \$500,000.

Interest rates for credit program loans were subsidized.

The Farm Credit Act of 1987 provided for financial assistance for financially vulnerable FCS institutions, protected existing borrower stock, provided federal matching funds for state farm loan mediation programs, and established a secondary market for farm real estate loans--Farmer Mac.

Established assessment-funded research and promotion programs for beef, pork, and watermelons.

Official standards and grades for grain quality existed, but the 1985 farm bill did not establish them.

No provisions.

Federally subsidized crop insurance was authorized for most crops that were grown commercially in a particular region. Currently, crop insurance is available for a wide variety of crops, but is not always available in each locality a crop is grown.

### 1990 FARM BILL

The amount of time FmHA may hold farm property in inventory before offering it for sale is shortened from 3 years to 1. Beginning farmers will be extended the right of first refusal and are included among those receiving sale preference. Lease-back/buy-back privileges will be eliminated on acquired nonfarm properties.

Lifetime cap of \$300,000 will be imposed on write-downs and write-offs. Borrowers will be limited to a single write-down on loans made after Jan. 6, 1988.

The interest rate subsidy will be increased on certain guaranteed loans to 4%. Direct loan funds will be gradually shifted to guaranteed loans over the next 5 years.

FCS will be allowed to extend credit to farmers who use any portion of their on-farm production in processing or marketing an agricultural product. This type of loan will be limited to 15% of a district bank's outstanding loans.

Farmer Mac will be allowed to pool FmHA-guaranteed loans.

Assessment-funded research and promotion programs are authorized for soybeans, pecans, mushrooms, and limes. Producer refunds will be eliminated for cotton and potato orders. Assessments will be extended to imports (except soybeans). A generic fluid milk promotion will be funded by processors if a referendum is approved.

Quality standards must be incorporated into grain standards. Will require testing corn for aflatoxin contamination before exporting.

Establishes national standards for organic foods. USDA will have to set regulations for production, materials, handling, and testing of products labelled organic.

Will make changes to improve actuarial soundness of existing crop insurance program, including providing for premium rate increases of up to 20% per year and opportunities for developing innovative policy coverage, such as insurance based on area losses.

## PROVISIONS

## 1985 FARM BILL

If federal crop insurance was not available to program crop producers under the Federal Crop Insurance Act, disaster assistance payments were mandated for prevented plantings and reduced yields. The Secretary could also make these payments available to producers who purchased insurance if losses created an economic emergency, additional economic assistance was needed to alleviate the economic emergency, and federal crop insurance payments and other federal assistance were insufficient to relieve the emergency.

The Secretary could have provided livestock producers assistance if natural disaster affected feed supplies.

Disaster Assistance Acts of 1988 and 1989 contained separate laws to provide assistance to producers affected by natural disaster for 1988-89 crops.

No provisions.

#### RURAL DEVELOPMENT (Title XXIII)

The Secretary of Agriculture is responsible for coordinating most rural development programs.

##### Pilot Programs

No provisions.

##### Telecommunications

No provisions.

##### Water/Waste Funding

No provisions.

#### GLOBAL CLIMATE CHANGE (Title XXIV)

No provisions.

#### OTHER RELATED PROVISIONS (Title XXV)

No provisions.

## 1990 FARM BILL

Will continue prevented planting and reduced yield disaster payments if crop insurance is not available.

A new Rural Development Agency (RDA) will be set up within 6 months of enactment. FmHA's divisions that handle water, sewer, other community facilities, and business and industrial loan or grant programs will be moved under the new RDA. Other rural development activities will move under the RDA at the Secretary's discretion.

Five-year pilot state panels will set priorities for funding applications. Pilot revolving funds will be set up by states with private lender participation.

Rural schools, hospitals, and clinics will be linked to urban institutes to receive state-of-the-art instruction by TV.

Authorizes the Farm Credit System Banks for Cooperatives and Rural Electric Cooperatives to finance rural water and sewer loans. Authorizes Rural Electric Cooperatives to make rural business development loans on a deferred-payment basis. Funding caps for loans will be removed.

Establishes a program to assess the effects of global climate change on agriculture and forestry. Directs the Forest Service to establish an office to coordinate its international forestry activities and will establish research institutes to promote tropical forest protection.

Directs USDA to provide outreach and technical assistance to encourage and assist socially disadvantaged farmers and ranchers to own and operate farms and ranches and participate in agricultural programs. Operating funds of FmHA will be targeted for them.

Also includes pet protection to prevent theft; pseudorabies eradication study; collection of fees for inspection services; crop related reports; and study of transportation of fertilizers and agricultural chemicals to farmers.



# Statistical Indicators

## Summary Data

Table 1.—Key Statistical Indicators of the Food & Fiber Sector

	1989		1990				1991		
	II	Annual	II	III	IV F	Annual F	IF	II F	Annual F
Prices received by farmers (1977=100)	148	147	152	150	144	150	—	—	—
Livestock & products	156	160	172	173	161	170	—	—	—
Crops	140	134	131	126	121	128	—	—	—
Prices paid by farmers, (1977=100)									
Production items	167	165	169	170	—	169	—	—	—
Commodities & services, interest, taxes, & wages	177	177	183	184	—	187	—	—	—
Cash receipts (\$ bil.) 1/	157	159	179	177	161	168-172	—	—	—
Livestock (\$ bil.)	81	84	91	88	90	88-91	—	—	—
Crops (\$ bil.)	76	75	88	89	71	79-82	—	—	—
Market basket (1982-84=100)									
Retail cost	124	125	132	134	—	—	—	—	—
Farm value	108	107	114	114	—	—	—	—	—
Spread	133	134	142	145	—	—	—	—	—
Farm value/retail cost (%)	30	30	30	30	—	—	—	—	—
Retail prices (1982-84=100)									
Food	125	125	132	133	133	132	—	—	—
At home	124	124	131	132	132	132	—	—	—
Away from home	127	127	133	134	136	134	—	—	—
Agricultural exports (\$ bil.) 2/	9.8	39.7	9.7	8.5	—	40.0	—	—	—
Agricultural imports (\$ bil.) 2/	5.5	21.5	5.7	4.8	—	22.5	—	—	—
Commercial production									
Red meat (mil. lb.)	9,871	39,418	9,542	9,618	9,875	38,616	9,519	9,685	39,405
Poultry (mil. lb.)	5,538	22,039	5,904	5,963	6,055	23,533	5,925	6,285	24,845
Eggs (mil. doz.)	1,394	5,587	1,413	1,412	1,435	5,650	1,415	1,430	5,715
Milk (bil. lb.)	37.7	144.3	38.6	36.7	36.0	148.3	37.8	39.2	150.3
Consumption, per capita									
Red meat and poultry (lb.)	54.6	220.6	54.1	55.3	57.7	220.5	54.0	56.1	226.7
Corn beginning stocks (mil. bu.) 3/	4,812.7	4,259.1	4,812.7	2,843.2	1,344.5	1,930.4	—	—	1,344
Corn use (mil. bu.) 3/	1,970.1	7,260.2	1,970.1	1,498.9	—	8,115.0	—	—	8,045
Prices 4/									
Choice steers—Omaha (\$/cwt)	73.85	72.52	77.52	75.48	76-78	76-77	74-80	76-82	75-81
Barrows & gilts—7 mkt. (\$/cwt)	41.84	44.03	59.01	57.87	53-55	55-56	50-56	51-57	50-56
Broilers—12-city (cts./lb.)	67.1	59.0	56.6	57.2	48-50	54-55	50-56	52-58	51-57
Eggs—NY gr. A large (cts./doz.)	75.2	81.9	74.6	77.8	84-86	81-82	72-78	69-75	71-77
Milk—all at plant (\$/cwt)	12.37	13.56	13.57	14.2	12.20-13.20	13.65-13.90	11.20-12.20	10.50-11.10	10.95-11.95
Wheat—KC HRW ordinary (\$/bu.)	4.36	4.36	3.88	—	—	—	—	—	—
Corn—Chicago (\$/bu.)	2.75	2.55	2.80	—	—	—	—	—	—
Soybeans—Chicago (\$/bu.)	7.59	6.70	6.07	—	—	—	—	—	—
Cotton—Avg. spot mkt. (cts./lb.)	63.1	63.7	74.3	—	—	—	—	—	—
	1983	1984	1985	1986	1987	1988	1989	1990 F	1991 F
Gross cash income (\$ bil.)	150.5	155.5	157.2	152.0	164.3	170.4	177	183-189	—
Gross cash expenses (\$ bil.)	111.4	118.8	109.0	104.8	108.2	112.0	123	124-127	—
Net cash income (\$ bil.)	39.2	36.8	48.2	47.2	56.1	58.4	55	59-63	—
Net farm income (\$ bil.)	14.9	26.5	31.2	31.4	41.2	42.0	47	47-52	—
Farm real estate values 5/									
Nominal (\$ per acre)	788	801	713	640	599	632	667	693	714-728
Real (1977 \$)	472	459	395	346	317	322	325	322	315-321

1/ Quarterly data seasonally adjusted at annual rates. 2/ Annual data based on Oct.-Sept. fiscal years ending with year indicated. 3/ Dec.-Feb. first quarter; Mar.-May second quarter; June-Aug. third quarter; Sept.-Nov. fourth quarter; Sept.-Aug. annual. Use includes exports & domestic disappearance. 4/ Simple averages. 5/ 1990-91 values as of January 1. 1986-89 values as of February 1. 1982-85 values as of April 1. F = forecast, — = not available.

## U.S. and Foreign Economic Data

Table 2.—U.S. Gross National Product &amp; Related Data

	Annual			1989		1990		
	1987	1988	1989	III	IV	I	II	III P
\$ billion (quarterly data seasonally adjusted at annual rates)								
Gross national product	4,515.6	4,873.7	5,200.8	5,238.6	5,289.3	5,375.4	5,443.3	5,514.4
Personal consumption expenditures	3,009.4	3,238.2	3,450.1	3,484.3	3,518.5	3,588.1	3,622.7	3,700.6
Durable goods	423.4	457.5	474.6	487.1	471.2	492.1	478.4	483.1
Nondurable goods	1,001.3	1,080.0	1,130.0	1,137.3	1,148.8	1,174.7	1,179.0	1,202.8
Clothing & shoes	178.4	191.1	204.6	206.9	208.7	212.9	212.6	215.8
Food & beverages	530.7	562.6	595.3	597.6	602.2	616.4	623.3	627.9
Services	1,584.7	1,720.7	1,845.5	1,859.8	1,898.5	1,921.3	1,965.3	2,014.7
Gross private domestic investment	699.5	747.1	771.2	775.8	762.7	747.2	759.0	759.6
Fixed investment	671.2	720.8	742.9	748.9	737.7	758.9	745.6	750.9
Change in business inventories	28.3	26.2	28.3	28.9	25.0	-11.8	13.4	8.8
Net exports of goods & services	-114.7	-74.1	-46.1	-49.3	-35.3	-30.0	-24.9	-49.2
Government purchases of goods & services	921.4	962.5	1,025.6	1,027.8	1,043.3	1,070.1	1,086.4	1,103.4
1982 \$ billion (quarterly data seasonally adjusted at annual rates)								
Gross national product	3,845.3	4,016.9	4,117.7	4,129.7	4,133.2	4,150.6	4,155.1	4,173.6
Personal consumption expenditures	2,515.6	2,606.5	2,656.8	2,675.3	2,669.9	2,677.3	2,678.8	2,702.7
Durable goods	391.4	418.2	428.0	438.1	423.1	437.6	428.8	430.0
Nondurable goods	892.7	909.4	919.9	923.4	923.0	915.6	911.2	915.0
Clothing & shoes	160.7	165.0	172.7	176.6	175.1	174.2	171.3	174.4
Food & beverages	424.0	462.2	462.9	463.0	460.3	457.4	459.3	457.9
Services	1,231.6	1,278.9	1,309.0	1,313.8	1,323.8	1,324.2	1,340.8	1,357.7
Gross private domestic investment	699.0	705.7	718.9	722.3	709.1	700.7	700.7	700.6
Fixed investment	648.2	682.1	693.1	697.7	690.2	702.9	691.2	692.9
Change in business inventories	22.8	23.6	23.8	24.6	18.9	-2.2	9.5	7.8
Net exports of goods & services	-118.5	-75.9	-54.1	-64.1	-47.9	-35.4	-44.6	-52.5
Government purchases of goods & services	779.1	780.5	798.1	796.2	802.2	807.9	820.2	822.8
GNP implicit price deflator (% change)	3.2	3.3	4.1	3.2	3.8	4.8	4.7	3.4
Disposable personal income (\$ bil.)	3,194.7	3,479.2	3,725.5	3,743.4	3,799.6	3,887.7	3,925.7	3,988.6
Disposable per. income (1982 \$ bil.)	2,670.7	2,800.5	2,869.0	2,874.3	2,883.2	2,900.9	2,902.6	2,898.4
Per capita disposable per. income (\$)	13,094	14,123	14,973	15,026	15,210	15,527	15,639	15,762
Per capita dis. per. income (1982 \$)	10,946	11,368	11,531	11,538	11,541	11,588	11,564	11,511
U.S. population, total, incl. military abroad (mil.)	243.9	246.4	248.8	249.1	249.6	250.4	251.0	251.8
Civilian population (mil.)	241.7	244.1	246.6	246.9	247.6	248.2	248.8	249.6
	Annual			1989	1990			
	1987	1988	1989	Sept	June	July	Aug	Sept
Monthly data seasonally adjusted								
Industrial production (1987=100)	100.0	105.4	108.1	108.2	110.1	110.3	110.4	110.7
Leading economic indicators (1982=100)	140.1	142.6	144.9	144.9	146.1	146.1	144.4	143.3
Civilian employment (mil. persons)	112.4	115.0	117.3	117.4	118.4	118.0	117.7	117.9
Civilian unemployment rate (%)	6.1	5.4	5.2	5.3	5.1	5.4	5.6	5.6
Personal income (\$ bil. annual rate)	3,766.4	4,070.6	4,384.3	4,411.6	4,640.7	4,663.2	4,673.0	4,696.8
Money stock—M2 (daily avg.) (\$ bil.) 1/	2,913.2	3,072.4	3,221.6	3,163.6	3,278.7	3,284.0	3,301.9	3,317.8
Three-month Treasury bill rate (%)	5.82	6.69	8.12	7.72	7.74	7.66	7.44	7.38
AAA corporate bond yield (Moody's) (%)	9.38	9.71	9.26	9.01	9.26	9.24	9.41	9.56
Housing starts (1,000) 2/	1,621	1,488	1,376	1,263	1,189	1,153	1,142	1,135
Auto sales at retail, total (mil.)	10.3	10.6	9.9	10.6	9.8	9.7	9.4	10.1
Business inventory/sales ratio	1.51	1.49	1.50	1.50	1.47	1.48	1.46	—
Sales of all retail stores (\$ bil.)	128.5	137.5	144.5	147.1	149.4	150.2	149.6	151.2
Nondurable goods stores (\$ bil.)	80.5	85.2	90.7	91.7	95.6	96.0	96.8	97.7
Food stores (\$ bil.)	25.6	27.2	29.1	29.4	30.6	30.7	30.6	31.0
Eating & drinking places (\$ bil.)	12.8	13.8	14.5	14.6	15.3	15.4	15.3	15.5
Apparel & accessory stores (\$ bil.)	6.6	7.1	7.6	7.7	8.1	8.1	8.1	8.0
	Annual			1989	1990			
	1987	1988	1989	Oct	July	Aug	Sept	Oct
Average of daily rates								
Foreign exchange value of the dollar								
Japanese yen per U.S. dollar	144.6	128.2	137.9	141.4	149.0	147.4	138.5	128.7
German marks per U.S. dollar	1.797	1.757	1.674	1.666	1.640	1.570	1.670	1.520

1/ Annual data as of December of the year listed. 2/ Private, including farm. P = preliminary. — = not available.

Information contact: Ann Duncan (202) 219-0313.

Table 3.—Foreign Economic Growth, Inflation, &amp; Export Earnings

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990 F	1991 F	Average 1980-89
Annual percent change												
World, less U.S.												
Real GDP	1.5	1.3	2.3	3.7	3.3	3.1	3.3	4.0	3.3	2.4	2.3	2.9
Consumer prices	13.2	13.2	11.3	12.5	13.0	9.1	11.4	17.8	32.0	63.9	16.4	15.0
Merch. exports	-2.7	-0.7	-2.7	5.1	2.4	10.9	19.0	12.6	7.0	17.0	14.2	6.5
Developed less U.S.												
Real GDP	1.1	0.8	2.2	3.9	3.4	2.7	3.4	4.3	4.0	3.3	2.7	2.8
Consumer prices	10.0	8.2	5.8	4.9	4.5	2.7	2.6	3.1	4.3	5.5	5.0	5.7
Merch. exports	-3.2	-4.4	-0.5	6.9	4.6	19.5	17.7	12.3	6.0	16.3	13.7	7.6
Developing												
Real GNP	2.0	2.1	2.2	4.1	3.9	4.0	3.9	4.2	3.0	3.4	4.3	3.4
Consumer prices	28.4	25.3	32.7	38.2	39.8	27.0	35.3	57.0	77.8	190.0	46.6	38.9
Merch. exports	-1.8	-10.4	-0.5	2.9	-1.7	-6.0	22.2	13.5	9.6	11.8	14.8	4.7
Asia, incl. China												
Real GDP	6.1	5.6	6.1	8.3	6.8	6.9	8.1	9.0	5.0	5.0	5.4	7.0
Consumer prices	9.3	6.4	6.6	6.1	6.0	5.8	7.4	11.8	10.1	6.7	10.1	8.2
Merch. exports	7.6	-0.5	4.6	14.6	-0.9	8.8	30.1	23.2	11.5	8.8	12.4	12.6
Latin America												
Real GDP	-0.4	-1.1	-2.8	3.6	3.4	4.1	3.0	0.5	1.6	-0.5	3.5	1.8
Consumer prices	60.1	67.1	108.7	133.5	145.1	82.1	116.1	218.0	346.1	625.6	131.0	133.2
Merch. exports	6.5	-10.6	-1.0	6.7	-5.5	-17.9	13.7	14.1	10.2	9.4	11.4	4.6
Africa												
Real GDP	-1.9	2.0	-1.1	0.8	4.0	2.3	1.2	2.5	3.2	2.6	2.6	2.0
Consumer prices	23.4	13.1	17.9	20.8	13.2	12.5	13.1	19.2	22.0	17.0	15.9	16.9
Merch. exports	-19.7	-9.1	-8.0	3.4	-2.4	-17.4	15.0	-4.4	10.8	17.7	11.1	0.2
Middle East												
Real GDP	2.7	1.3	1.7	-0.9	-0.2	-0.6	-0.6	3.8	6.8	7.3	3.8	1.4
Consumer prices	16.6	12.9	11.9	14.3	17.1	14.9	19.2	19.4	14.5	21.8	20.1	15.8
Merch. exports	-3.8	-21.1	-22.2	-10.6	-6.6	-19.6	25.2	1.4	26.8	8.2	7.8	-0.8
Eastern Europe, incl. USSR												
Real GDP	0.6	2.0	2.3	1.8	1.8	3.0	1.3	4.2	1.0	-3.3	-3.5	2.0
Consumer prices	8.8	12.8	5.4	4.2	6.0	7.4	9.1	15.7	68.8	105.1	15.2	15.0
Merch. exports	9.1	1.3	3.7	1.8	0.2	8.2	11.2	0.8	-1.2	4.8	-9.8	5.0

F = forecast.

Information contact: Alberto Jerardo. (202) 219-0706.

## Farm Prices

Table 4.—Indexes of Prices Received &amp; Paid by Farmers, U.S. Average

	Annual			1989		1990					
	1987	1988	1989	Oct	May	June	July	Aug	Sept R	Oct P	
1977=100											
Prices received											
All farm products	126	138	147	145	154	151	152	151	148	147	
All crops	106	127	134	127	134	129	130	126	123	121	
Food grains	103	138	156	152	139	127	116	108	103	100	
Feed grains & hay	65	120	128	118	136	133	131	126	120	113	
Feed grains	81	117	123	112	128	129	128	122	115	105	
Cotton	99	95	98	109	108	103	104	107	107	111	
Tobacco	129	138	138	146	147	147	144	143	152	151	
Oil-bearing crops	79	108	102	87	95	84	95	95	95	94	
Fruit, all	181	184	190	208	204	191	205	187	203	190	
Fresh market 1/	194	196	200	221	216	202	218	196	214	198	
Commercial vegetables	144	144	156	141	124	118	133	138	141	159	
Fresh market	147	137	148	132	113	104	122	129	134	157	
Potatoes & dry beans	126	124	167	136	235	223	231	205	135	122	
Livestock & products	146	150	180	162	173	173	173	174	173	171	
Meat animals	163	168	174	175	199	197	196	197	193	196	
Dairy products	129	128	139	152	139	142	145	147	146	140	
Poultry & eggs	107	118	138	128	129	127	125	129	135	129	
Prices paid											
Commodities & services											
Interest, taxes, & wage rates	162	199	177	178	—	—	184	—	—	188	
Production items	147	157	165	165	—	—	170	—	—	174	
Feed	103	126	135	128	—	—	130	—	—	124	
Feeder livestock	179	192	194	196	—	—	214	—	—	219	
Seed	148	150	165	170	—	—	163	—	—	163	
Fertilizer	118	130	137	131	—	—	130	—	—	132	
Agricultural chemicals	124	126	132	134	—	—	141	—	—	141	
Fuels & energy	161	166	181	163	—	—	185	—	—	238	
Farm & motor supplies	145	148	155	156	—	—	156	—	—	159	
Autos & trucks	208	215	223	225	—	—	233	—	—	233	
Tractors & self-propelled machinery	174	181	193	199	—	—	201	—	—	208	
Other machinery	185	197	208	210	—	—	217	—	—	220	
Building & lending	137	138	141	143	—	—	143	—	—	144	
Farm services & cash rent	147	146	158	158	—	—	163	—	—	163	
Int. payable per acre on farm real estate debt	189	182	177	177	—	—	178	—	—	178	
Taxes payable per acre on farm real estate	144	148	152	152	—	—	156	—	—	156	
Wage rates (seasonally adjusted)	166	171	185	179	—	—	193	—	—	193	
Production items, interest, taxes, & wage rates	151	160	167	166	—	—	171	—	—	175	
Ratio, prices received to prices paid (%) 2/	78	82	83	81	84	83	83	82	80	78	
Prices received (1910-14=100)	578	633	673	662	703	691	694	688	678	670	
Prices paid, etc. (parity index) (1910-14=100)	1,110	1,167	1,220	1,224	—	—	1,265	—	—	1,291	
Parity ratio (1910-14=100) (%) 2/	51	54	56	54	—	—	58	—	—	56	

1/ Fresh market for noncitrus; fresh market & processing for citrus. 2/ Ratio of index of prices received for all farm products to index of prices paid for commodities & services, interest, taxes, & wage rates. Ratio uses the most recent prices paid index. Prices paid data are quarterly & will be published in January, April, July, & October. R = revised. P = preliminary. — = not available.

Information contact: Ann Duncan (202) 219-0313.



Table 5.—Prices Received by Farmers, U.S. Average

	Annual 1/			1990						
	1987	1988	1989	Oct	May	June	July	Aug	Sept R	Oct P
<b>CROPS</b>										
All wheat (\$/bu.)	2.57	3.72	3.72	3.75	3.40	3.08	2.79	2.58	2.46	2.39
Rice, rough (\$/cwt)	7.27	6.83	7.30	7.37	7.21	7.08	6.95	6.64	6.25	6.34
Corn (\$/bu.)	1.94	2.54	2.38	2.22	2.62	2.63	2.62	2.51	2.32	2.15
Sorghum (\$/cwt)	3.04	4.05	3.79	3.61	4.04	4.29	4.44	4.14	3.95	3.47
All hay, baled (\$/ton)	85.10	85.20	86.00	85.10	101.00	87.80	85.60	84.40	85.70	88.00
Soybeans (\$/bu.)	5.88	7.42	5.70	5.54	5.96	5.88	5.97	6.13	5.99	5.90
Cotton, upland (cts./lb.)	63.7	55.6	63.3	65.8	65.4	62.3	62.9	64.6	65.0	66.9
Potatoes (\$/cwt)	4.38	6.02	6.85	5.03	9.52	8.84	9.31	8.36	5.47	4.97
Lettuce (\$/cwt) 2/	14.80	14.70	12.60	14.50	8.50	8.04	12.40	14.50	18.40	21.30
Tomatoes fresh (\$/cwt) 2/	25.90	26.90	32.90	29.00	22.00	21.90	26.80	27.30	24.00	31.60
Onions (\$/cwt)	12.50	9.75	11.60	10.30	13.60	11.20	9.41	9.77	8.78	10.50
Dry edible beans (\$/cwt)	16.50	29.80	28.70	26.00	32.90	33.70	32.90	27.40	18.30	16.30
Apples for fresh use (cts./lb.)	12.7	17.4	13.4	14.3	13.1	12.6	18.4	20.4	24.5	19.4
Pears for fresh use (\$/ton)	227.00	358.00	332.00	348.00	469.00	463.00	430.00	288.00	389.00	373.00
Oranges, all uses (\$/box) 3/	5.40	7.18	6.89	6.29	7.03	5.64	5.19	5.07	5.31	4.48
Grapefruit, all uses (\$/box) 3/	4.96	5.43	4.49	6.01	9.06	10.08	12.32	6.44	7.22	6.51
<b>LIVESTOCK</b>										
Beef cattle (\$/cwt)	61.37	66.80	69.68	68.70	74.40	74.40	73.60	76.10	75.00	75.10
Calves (\$/cwt)	78.10	89.85	91.84	88.10	101.00	98.10	98.50	99.20	95.50	95.60
Hogs (\$/cwt)	50.79	42.53	43.24	46.60	61.20	60.10	60.80	55.90	54.30	56.90
Lambs (\$/cwt)	77.92	69.50	67.33	62.00	59.80	55.40	54.40	54.00	52.80	52.80
All milk, sold to plants (\$/cwt)	12.54	12.28	13.56	14.80	13.50	13.80	14.10	14.30	14.20	13.60
Milk, manuf. grade (\$/cwt)	11.37	11.15	12.38	14.10	12.70	13.10	13.10	12.80	12.50	11.30
Broilers (cts./lb.)	28.3	34.0	36.0	30.2	35.2	34.1	36.9	33.2	35.2	29.0
Eggs (cts./doz.) 4/	53.1	53.3	70.0	71.6	60.2	62.7	55.6	65.6	68.5	73.5
Turkeys (cts./lb.)	34.3	37.3	40.0	38.2	38.2	38.2	38.4	39.9	40.6	42.2
Wool (cts./lb.) 5/	91.7	138.0	122.4	147.0	99.5	93.4	80.4	74.4	71.9	83.5

1/ Season average price by crop year for crops. Calendar year average of monthly prices for livestock. 2/ Excludes Hawaii. 3/ Equivalent on-tree returns.  
 4/ Average of all eggs sold by producers including hatching eggs & eggs sold at retail. 5/ Average local market price, excluding incentive payments. 6/ Weighted average of first 8 months of the season - not a projection for 1989/90. R = revised. P = preliminary.

Information contact: Ann Duncan (202) 219-0313.

## Producer & Consumer Prices

Table 6.—Consumer Price Index for All Urban Consumers, U.S. Average (Not Seasonally Adjusted)

	Annual	1989	1990							
	1989	Sept	Feb	Mar	Apr	May	June	July	Aug	Sept
			1982-84=100							
Consumer Price Index, all items	124.0	125.0	128.0	128.7	128.9	129.2	129.9	130.4	131.6	132.7
Consumer Price Index, less food	123.7	124.8	127.3	128.1	128.4	128.7	129.4	130.0	131.3	132.6
<b>All food</b>	<b>125.1</b>	<b>128.1</b>	<b>131.3</b>	<b>131.5</b>	<b>131.3</b>	<b>131.3</b>	<b>132.0</b>	<b>132.7</b>	<b>132.9</b>	<b>133.2</b>
Food away from home	127.4	128.8	131.0	131.8	132.5	133.0	133.4	133.9	134.3	134.6
Food at home	124.2	125.0	132.1	131.9	131.1	130.9	131.7	132.5	132.7	132.9
Meats 1/	116.7	117.7	123.5	124.0	125.2	126.6	129.6	130.3	130.5	131.0
Beef & veal	119.3	120.0	126.2	126.6	128.0	128.5	129.0	129.2	128.5	129.5
Pork	113.2	114.3	119.7	121.0	121.6	125.5	132.9	134.8	136.5	135.4
Poultry	132.7	134.0	130.5	134.8	132.1	132.3	134.0	135.3	133.6	134.6
Fish	143.6	146.9	150.6	148.0	147.2	143.8	143.7	143.3	145.2	147.4
Eggs	118.5	124.6	124.7	131.6	130.3	115.0	112.2	109.1	116.6	120.6
Dairy products 2/	115.6	116.1	126.9	126.8	125.2	124.7	124.9	125.7	127.3	127.6
Fats & oils 3/	121.2	121.3	123.4	124.2	124.3	125.0	125.5	126.6	127.4	128.2
Fresh fruit	152.4	155.1	170.3	171.1	175.7	174.9	173.2	176.6	169.5	168.7
Processed fruit	125.9	127.8	131.9	136.7	138.1	139.2	140.1	140.1	140.0	139.9
Fresh vegetables	143.1	133.9	166.3	168.3	145.6	139.8	140.0	143.8	139.8	137.3
Potatoes	153.5	153.1	160.1	170.6	187.3	187.4	165.6	179.7	169.8	152.0
Processed vegetables	124.2	125.0	126.3	126.6	127.0	127.6	127.6	128.2	128.8	128.8
Cereals & bakery products	132.4	134.6	137.4	137.6	138.9	139.3	140.1	140.5	141.4	141.6
Sugar & sweets	119.4	120.6	122.9	123.0	123.6	124.4	124.5	124.9	125.6	125.8
Beverages, nonalcoholic	111.3	111.0	113.3	113.1	112.4	112.7	113.3	114.0	114.3	114.2
<b>Apparel</b>										
Apparel, commodities less footwear	117.1	118.9	119.0	124.9	126.2	124.5	121.6	118.8	120.5	125.6
Footwear	114.4	114.1	114.5	116.9	118.6	118.5	117.3	118.1	116.3	118.6
Tobacco & smoking products	164.4	168.2	175.0	175.1	175.6	176.7	180.9	185.7	185.8	185.8
Beverages, alcoholic	123.5	124.8	126.9	127.8	128.2	128.9	129.3	129.9	130.2	130.8

1/ Beef, veal, lamb, pork, & processed meat. 2/ Includes butter. 3/ Excludes butter.

Information contact: Ann Duncan (202) 219-0313.

Table 7.—Producer Price Indexes, U.S. Average (Not Seasonally Adjusted)

	Annual			1989	1990					
	1987	1988	1989	Sept	Apr	May R	June	July	Aug	Sept
	1982 = 100									
Finished goods 1/	105.4	108.0	113.0	113.0	117.2	117.7	117.9	118.0	119.2	120.3
Consumer foods	109.5	112.0	118.7	118.5	123.2	124.5	124.5	124.9	125.0	124.1
Fresh fruit	112.0	113.5	111.9	110.1	112.0	107.7	114.7	132.2	118.3	115.3
Fresh & dried vegetables	103.7	105.5	116.9	98.1	103.4	101.3	100.0	104.9	98.6	94.3
Dried fruit	95.0	99.1	103.0	102.4	106.4	105.3	105.2	104.9	104.9	104.9
Canned fruit & juice	115.3	120.2	122.7	123.2	127.6	127.2	127.6	127.3	127.1	127.7
Frozen fruit & juice	113.3	129.8	123.9	125.4	145.9	148.0	146.2	146.3	146.6	139.5
Fresh veg. excl. potatoes	99.0	100.4	103.9	81.5	74.8	78.0	83.7	93.3	79.0	79.4
Canned veg. & juices	103.5	108.3	118.0	118.9	118.8	118.2	118.5	115.9	116.1	116.5
Frozen vegetables	107.3	108.0	115.5	116.2	118.9	120.1	117.6	117.8	118.0	118.3
Potatoes	120.1	113.9	153.6	140.2	198.4	174.7	151.2	139.9	165.4	155.4
Eggs	87.6	88.6	119.6	124.6	127.9	95.3	100.4	91.6	114.4	112.6
Bakery products	118.4	126.4	135.4	137.7	140.3	140.7	141.3	140.6	140.8	141.6
Meats	100.4	99.9	104.8	105.3	114.5	119.1	120.3	119.6	120.0	116.7
Beef & veal	95.5	101.4	108.9	107.4	115.8	117.6	115.7	113.3	116.9	114.1
Pork	104.9	95.0	97.7	99.9	114.1	127.2	130.2	130.9	128.2	119.7
Processed poultry	103.4	111.6	120.4	119.7	114.3	118.2	116.0	120.6	113.9	116.9
Fish	140.0	148.7	142.9	133.9	152.5	163.5	142.4	142.0	143.6	144.2
Dairy products	101.6	102.2	110.6	113.3	115.1	116.6	119.2	119.5	120.0	119.0
Processed fruits & vegetables	108.6	113.8	119.9	120.7	126.9	127.1	126.7	125.7	125.9	125.2
Shortening & cooking oil	103.9	118.8	116.6	115.1	119.7	127.0	128.4	127.7	129.8	127.0
Consumer finished goods less foods	100.7	103.1	108.9	109.1	112.2	112.7	112.8	112.9	115.1	117.7
Beverages, alcoholic	110.3	111.8	115.2	114.4	117.7	117.7	117.4	117.7	118.7	117.3
Soft drinks	111.8	114.3	177.7	116.5	123.1	121.6	120.5	120.7	121.5	121.7
Apparel	108.3	111.7	114.5	115.0	117.2	117.2	117.3	117.5	117.7	117.8
Footwear	109.3	115.1	120.8	122.3	125.4	125.8	125.2	126.0	125.8	126.3
Tobacco products	154.6	171.9	194.8	198.1	212.8	217.4	224.1	224.3	224.3	225.0
Intermediate materials 2/	101.5	107.1	112.0	112.4	112.8	113.1	112.9	113.0	114.4	116.3
Materials for food manufacturing	100.8	106.0	112.7	113.7	117.2	120.4	120.9	120.9	120.5	118.8
Flour	82.9	105.7	114.6	113.7	112.5	111.4	109.0	102.8	95.9	94.5
Refined sugar 3/	108.4	108.9	118.2	120.4	122.4	122.5	122.5	123.1	122.8	122.7
Crude vegetable oils	84.2	116.6	103.1	95.1	112.9	124.6	128.7	126.0	126.4	124.5
Crude materials 4/	93.7	96.0	103.1	102.3	103.0	104.7	101.0	101.2	110.2	115.1
Foodstuffs & feedstuffs	98.2	106.1	111.2	108.9	115.1	117.0	115.2	115.4	113.5	110.8
Fruits & vegetables 5/	106.8	108.5	114.6	101.8	108.9	103.6	106.3	118.3	108.8	103.0
Grains	71.1	97.9	106.4	100.1	107.2	108.6	110.4	103.1	92.1	88.3
Livestock	102.0	103.3	106.1	103.7	117.9	120.5	117.3	114.7	117.8	113.3
Poultry, live	101.2	121.5	128.8	134.9	117.3	128.2	118.5	134.7	122.1	128.9
Fibers, plant & animal	106.4	98.4	107.8	113.9	118.7	121.9	125.9	129.4	125.1	116.6
Fluid milk	91.8	89.4	98.8	103.1	98.0	100.3	101.5	104.7	106.5	106.0
Oilseeds	99.2	134.0	123.8	113.6	108.0	110.5	112.2	114.8	114.8	116.5
Tobacco, leaf	85.7	87.2	93.8	96.3	95.7	95.7	95.7	95.7	93.7	100.9
Sugar, raw cane	110.2	111.9	115.5	118.8	120.3	119.7	119.0	119.7	119.6	119.7
All commodities	102.8	106.9	112.2	112.4	114.1	114.6	114.2	114.3	116.5	118.3
Industrial commodities	102.5	106.3	111.6	111.9	113.2	113.5	113.1	113.2	115.9	118.3
All foods 6/	107.8	111.5	117.8	117.5	122.0	123.8	123.8	124.2	124.1	122.9
Farm products & processed foods & feeds	103.7	110.0	115.4	114.5	118.5	120.1	119.7	120.0	119.2	117.9
Farm products	95.5	104.9	110.9	108.0	113.3	113.7	113.1	113.7	111.5	109.0
Processed foods & feeds 6/	107.9	112.7	117.8	117.9	121.2	123.5	123.1	123.3	123.1	122.4
Cereal & bakery products	112.6	123.0	131.1	132.8	134.6	135.1	134.8	133.9	133.8	133.4
Sugar & confectionery	112.6	114.7	120.1	121.6	122.6	122.8	122.7	123.9	123.7	123.9
Beverages	112.5	114.3	118.4	117.1	121.5	121.0	120.5	120.7	120.5	120.8

1/ Commodities ready for sale to ultimate consumer. 2/ Commodities requiring further processing to become finished goods. 3/ All types & sizes of refined sugar. 4/ Products entering market for the first time that have not been manufactured at that point. 5/ Fresh & dried. 6/ Includes all raw, intermediate, & processed foods (excludes soft drinks, alcoholic beverages, & manufactured animal feeds). R = revised.

Information contact: Ann Duncan (202) 219-0313.

## Farm-Retail Price Spreads

Table 8.—Farm-Retail Price Spreads

	Annual			1989						
	1987	1988	1989 P	Sept	Apr	May	June	July	Aug	Sept
<b>Market basket 1/</b>										
Retail cost (1982-84=100)	111.6	116.5	124.6	125.5	132.2	132.0	133.0	133.6	133.9	134.1
Farm value (1982-84=100)	97.1	100.5	107.1	105.8	133.4	114.1	114.7	114.3	114.0	112.3
Farm-retail spread (1982-84=100)	119.4	125.1	134.1	136.1	142.3	141.7	142.9	144.0	144.7	145.9
Farm value-retail cost (%)	30.5	30.2	30.1	29.5	30.0	30.3	30.2	30.0	29.8	29.3
<b>Meat products</b>										
Retail cost (1982-84=100)	109.6	112.2	116.7	117.7	125.2	126.6	129.6	130.3	130.5	131.0
Farm value (1982-84=100)	101.2	99.5	103.3	101.5	117.0	119.9	122.3	118.9	120.2	114.9
Farm-retail spread (1982-84=100)	118.3	125.2	130.4	134.3	133.8	133.5	137.0	142.0	141.1	147.5
Farm value-retail cost (%)	46.7	44.9	44.8	43.7	47.3	47.9	47.8	46.2	46.7	44.4
<b>Dairy products</b>										
Retail cost (1982-84=100)	105.9	108.4	115.6	116.1	125.2	124.7	124.9	125.7	127.3	127.6
Farm value (1982-84=100)	93.3	90.6	99.1	101.1	98.4	99.2	100.9	103.8	105.0	106.4
Farm-retail spread (1982-84=100)	117.5	124.7	130.8	130.0	149.9	148.2	147.0	145.9	147.8	147.2
Farm value-retail cost (%)	42.3	40.1	41.1	41.8	37.7	38.2	38.8	39.6	39.6	40.0
<b>Poultry</b>										
Retail cost (1982-84=100)	112.6	120.7	132.7	134.0	132.1	132.3	134.0	135.3	133.6	134.6
Farm value (1982-84=100)	93.8	110.2	117.1	115.6	107.9	113.9	110.9	118.6	109.3	115.1
Farm-retail spread (1982-84=100)	134.2	132.8	150.8	155.8	160.0	153.5	160.6	154.6	161.6	157.1
Farm value-retail cost (%)	44.6	48.9	47.2	46.1	43.7	46.1	44.3	46.9	43.8	45.7
<b>Eggs</b>										
Retail cost (1982-84=100)	91.5	93.6	118.5	124.6	130.3	115.0	112.2	109.1	119.6	120.6
Farm value (1982-84=100)	78.8	76.7	107.5	110.3	110.3	88.0	93.1	80.1	100.0	105.9
Farm-retail spread (1982-84=100)	117.9	123.9	138.1	150.2	166.2	163.5	146.5	161.2	154.7	147.1
Farm value-retail cost (%)	53.9	52.7	58.3	56.9	54.4	49.2	53.3	47.2	53.7	56.4
<b>Cereal &amp; bakery products</b>										
Retail cost (1982-84=100)	114.8	122.1	132.4	134.6	138.9	139.3	140.1	140.5	141.4	141.6
Farm value (1982-84=100)	71.0	92.7	101.7	100.1	99.5	98.9	94.9	89.8	85.5	82.0
Farm-retail spread (1982-84=100)	120.9	126.2	136.7	139.4	144.4	144.9	146.4	147.6	149.2	149.9
Farm value-retail cost (%)	7.6	9.3	9.4	9.1	8.8	8.7	8.3	7.8	7.4	7.1
<b>Fresh fruits</b>										
Retail cost (1982-84=100)	135.6	145.4	154.7	158.8	179.1	179.4	178.3	177.2	173.1	171.9
Farm value (1982-84=100)	113.9	116.6	108.3	125.1	118.6	123.4	124.1	124.5	119.7	126.4
Farm-retail spread (1982-84=100)	145.7	158.7	176.1	174.3	206.9	205.2	203.3	201.5	197.7	192.9
Farm value-retail cost (%)	26.5	25.3	22.1	24.9	21.0	21.7	22.0	22.2	21.8	23.2
<b>Fresh vegetables</b>										
Retail cost (1982-84=100)	121.6	129.3	143.1	133.9	145.6	139.8	140.0	143.8	139.8	137.3
Farm value (1982-84=100)	112.0	105.8	123.2	98.9	125.7	112.7	107.6	115.5	112.7	102.6
Farm-retail spread (1982-84=100)	126.5	141.3	153.3	151.9	155.9	153.7	156.6	158.3	153.7	155.2
Farm value-retail cost (%)	31.3	27.8	29.2	25.1	29.3	27.4	28.1	27.3	27.4	25.4
<b>Processed fruits &amp; vegetables</b>										
Retail cost (1982-84=100)	109.0	117.6	125.0	126.4	133.2	134.1	134.6	134.8	135.0	135.0
Farm value (1982-84=100)	111.1	136.6	133.6	134.1	148.9	152.3	152.6	153.2	148.7	149.6
Farm-retail spread (1982-84=100)	108.3	111.7	122.3	124.0	128.3	128.4	129.0	129.1	130.7	130.4
Farm value-retail cost (%)	24.2	27.6	25.4	25.2	26.6	27.0	27.0	27.0	26.2	26.4
<b>Fats &amp; oils</b>										
Retail cost (1982-84=100)	108.1	113.1	121.2	121.3	124.3	125.0	125.5	128.6	127.4	128.2
Farm value (1982-84=100)	74.1	103.0	95.6	88.1	106.3	115.4	114.1	110.9	113.5	110.0
Farm-retail spread (1982-84=100)	120.6	116.8	130.6	133.5	130.9	128.5	129.7	132.4	132.5	134.9
Farm value-retail cost (%)	18.6	24.5	21.2	19.5	23.0	24.8	24.5	23.6	24.0	23.1
	Annual			1989						
	1987	1988	1989 P	Sept	Apr	May	June	July	Aug	Sept
<b>Beef, Choice</b>										
Retail price 2/ (cts./lb.)	238.4	250.3	265.7	266.2	277.9	283.6	282.1	279.9	280.6	280.6
Wholesale value 3/ (cts.)	160.0	169.4	176.8	169.6	190.1	191.6	187.8	183.3	187.8	187.3
Net farm value 4/ (cts.)	138.7	148.3	157.6	146.8	170.8	167.2	163.9	160.5	166.7	166.8
Farm-retail spread (cts.)	99.7	102.0	108.1	119.4	107.1	116.4	118.2	119.4	113.9	113.8
Wholesale-retail 5/ (cts.)	78.4	80.9	88.9	96.6	87.8	92.0	94.3	96.6	92.8	93.3
Farm-wholesale 6/ (cts.)	21.3	21.1	19.2	22.8	19.3	24.4	23.9	22.8	21.1	20.5
Farm value-retail price (%)	58	59	59	55	61	59	58	57	59	59
<b>Pork</b>										
Retail price 2/ (cts./lb.)	118.4	183.4	182.9	184.4	200.9	206.2	218.1	222.2	224.9	220.8
Wholesale value 3/ (cts.)	113.0	101.0	99.2	100.6	114.8	127.2	125.6	127.3	120.5	120.7
Net farm value 4/ (cts.)	82.7	69.4	70.4	70.3	86.1	90.6	96.9	99.2	90.4	88.0
Farm-retail spread (cts.)	105.7	114.0	112.5	114.1	114.8	106.7	121.2	123.0	134.5	132.8
Wholesale-retail 5/ (cts.)	75.4	82.4	83.7	83.8	86.1	79.0	92.5	94.9	104.4	100.1
Farm-wholesale 6/ (cts.)	30.3	31.6	28.8	30.3	28.7	27.7	28.7	28.1	30.1	32.7
Farm value-retail price (%)	44	38	38	38	43	48	44	45	40	40

1/ Retail costs are based on CPI-U of retail prices for domestically produced farm foods, published monthly by BLS. The farm value is the payment for the quantity of farm equivalent to the retail unit, less allowance for byproduct. Farm values are based on prices at first point of sale & may include marketing charges such as grading & packing for some commodities. The farm-retail spread, the difference between the retail price & the farm value, represents charges for assembling, processing, transporting, distributing. 2/ Weighted average price of retail cuts from pork & choice yield grade 3 beef. Prices from BLS. 3/ Value of wholesale (boxed beef) & wholesale cuts (pork) equivalent to 1 lb. of retail cuts adjusted for transportation costs & byproduct values. 4/ Market value to producer for live animal equivalent to 1 lb. of retail cuts, minus value of byproducts. 5/ Charges for retailing & other marketing services such as wholesaling, and in-city transportation. 6/ Charges for livestock marketing, processing, & transportation.

Note: Choice beef series reflects August 1990 revisions.

Information contacts: Denise Dunham (202) 219-0870, Larry Duewer (202) 219-0712.



Table 9.—Price Indexes of Food Marketing Costs

(See the September 1990 Issue.)

Information contact: Denis Dunham (202) 219-0870.

## Livestock &amp; Products

Table 10.—U.S. Meat Supply &amp; Use

	Beg. stocks	Produc- tion 1/	Imports	Total supply	Exports	Ending stocks	Consumption		Primary market price 3/
							Total	Per capita 2/	
Million pounds 4/							Pounds		
Beef									
1988	388	23,589	2,379	26,354	680	422	25,252	72.3	69.64
1989	422	23,087	2,175	25,684	1,023	335	24,326	68.9	72.52
1990 F	335	22,817	2,330	25,482	1,025	325	24,132	67.8	76-77
1991 F	325	23,113	2,270	25,708	1,055	315	24,338	67.8	75-81
Pork									
1988	347	15,684	1,137	17,168	195	414	16,559	63.5	43.39
1989	414	15,813	896	17,123	262	285	16,576	63.2	44.03
1990 F	285	15,290	923	16,498	228	350	15,920	60.1	55-56
1991 F	350	15,804	965	17,119	265	375	16,479	61.7	50-56
Veal 5/									
1988	4	396	27	427	10	5	412	1.4	89.85
1989	5	355	0	360	0	4	356	1.2	91.94
1990 F	4	322	0	326	0	5	321	1.1	96-97
1991 F	5	301	0	306	0	4	302	1.0	95-101
Lamb & mutton									
1988	8	335	51	394	1	6	387	1.4	68.26
1989	6	347	63	416	2	8	406	1.5	67.32
1990 F	8	369	50	427	2	8	417	1.5	56-57
1991 F	8	369	55	432	2	7	423	1.6	54-60
Total red meat									
1988	745	40,004	3,594	44,343	886	847	42,610	138.6	—
1989	847	39,602	3,134	43,583	1,287	632	41,664	134.7	—
1990 F	632	38,798	3,303	42,733	1,256	688	40,790	130.4	—
1991 F	688	39,587	3,290	43,565	1,322	701	41,642	132.0	—
Broilers									
1988	25	16,187	0	16,212	765	36	15,410	62.6	56.3
1989	36	17,428	0	17,464	814	38	16,612	66.8	59.0
1990 F	38	18,552	0	18,590	1,107	30	17,453	68.6	64-65
1991 F	30	19,806	0	19,836	1,100	30	18,506	73.1	61-67
Mature chicken									
1988	188	633	0	821	26	157	639	2.6	—
1989	157	575	0	731	24	189	518	2.1	—
1990 F	189	588	0	777	28	200	549	2.2	—
1991 F	200	581	0	781	26	200	555	2.2	—
Turkeys									
1988	266	3,980	0	4,226	51	250	3,928	15.9	61.2
1989	250	4,276	0	4,526	41	236	4,250	17.1	66.7
1990 F	236	4,659	0	4,895	45	260	4,590	18.3	63-64
1991 F	260	4,927	0	5,187	45	250	4,892	19.3	61-67
Total poultry									
1988	479	20,780	0	21,259	842	442	19,975	81.1	—
1989	442	22,280	0	22,722	878	463	21,380	85.9	—
1990 F	463	23,799	0	24,262	1,180	490	22,592	90.0	—
1991 F	490	25,114	0	25,604	1,171	480	23,953	94.7	—
Red meat & poultry									
1988	1,224	60,784	3,594	65,601	1,728	1,289	62,584	219.7	—
1989	1,289	61,882	3,134	66,305	2,165	1,095	63,044	220.6	—
1990 F	1,095	62,597	3,303	66,995	2,435	1,178	63,382	220.5	—
1991 F	1,178	64,701	3,290	69,169	2,493	1,181	65,495	226.7	—

1/ Total including farm production for red meats & federally inspected plus nonfederally inspected for poultry. 2/ Retail weight basis. (The beef carcass-to-retail conversion factor was .71 for 1987, & .70.5 for 1988-90.) 3/ Dollars per cwt for red meat; cents per pound for poultry. Beef: Choice steers, Omaha 1,000-1,100 lb.; pork: barrows and gilts, 7 markets; veal: farm price of calves; lamb & mutton: Choice slaughter lambs, San Angelo; broilers: wholesale 12-city average; turkeys: wholesale NY 8-16 lb. young hens. 4/ Carcass weight for red meats & certified ready-to-cook for poultry. 5/ Beginning 1989 veal trade no longer reported separately. F = forecast. — = not available.

Information contacts: Polly Cochran, or Maxine Davis (202) 219-0767.

Table 11.—U.S. Egg Supply &amp; Use

	Beg. stocks	Pro- duc- tion	Im- ports	Total supply	Ex- ports	Hatch- ing use	Ending stocks	Consumption		Wholesale price <sup>a</sup>
								Total	Per capita	
Million dozen										
1986	10.7	5,768.3	13.7	5,790.7	101.8	566.8	10.4	5,111.9	253.8	71.1
1987	10.4	5,868.2	5.6	5,884.2	111.2	599.1	14.4	5,158.5	253.8	61.6
1988	14.4	5,783.5	5.3	5,803.2	141.8	605.9	15.2	5,040.3	245.5	62.1
1989	15.2	5,586.8	25.2	5,627.1	91.8	642.8	10.7	4,882.1	235.5	81.9
1990 F	10.7	5,649.6	12.0	5,672.2	87.2	679.2	12.0	4,893.9	234.0	79-83
1991 F	12.0	5,715.0	8.0	5,735.0	86.0	720.0	12.0	4,907.0	232.7	72-76

<sup>a</sup> Cartoned grade A large eggs, New York. F = forecast.

Information contact: Maxine Davis (202) 219-0767.

Table 12.—U.S. Milk Supply & Use<sup>1</sup>

	Pro-duction	Farm use	Commercial		Im-ports	Total commercial supply	CCC net re-movals	Commercial		All milk price 2/
			Farm market-ings	Beg. stock				Ending stocks	Disap-pear-ance	
	Billion pounds									
1982	135.5	2.4	133.1	5.4	2.5	141.0	14.3	4.6	122.1	13.61
1983	138.6	2.4	137.2	4.6	2.6	144.4	16.8	5.2	122.4	13.58
1984	135.4	2.9	132.4	5.2	2.7	140.4	8.6	4.9	126.8	13.46
1985	143.0	2.5	140.6	4.9	2.8	148.3	13.2	4.6	130.5	12.75
1986	143.1	2.4	140.7	4.6	2.7	148.1	10.6	4.2	133.3	12.51
1987	142.7	2.3	140.5	4.2	2.5	147.1	6.7	4.6	135.6	12.54
1988	145.2	2.2	142.9	4.6	2.4	150.0	8.9	4.3	136.8	12.24
1989	144.3	2.1	142.2	4.3	2.5	148.9	9.0	4.1	135.6	13.54
1990 F	148.3	2.1	146.2	4.1	2.7	153.1	8.3	4.6	140.2	13.85

<sup>1/</sup> Milkfat basis. Totals may not add because of rounding. <sup>2/</sup> Delivered to plants & dealers; does not reflect deductions. F = forecast.

Information contact: Jim Miller (202) 219-0770.

Table 13.—Poultry &amp; Eggs

	Annual			1990						
	1987	1988	1989	1989 Sept	Apr	May	June	July	Aug	Sept
<b>Broilers</b>										
Federally inspected slaughter, certified (mil. lb.)	15,602.5	16,124.4	17,334.2	1,426.2	1,489.3	1,635.1	1,632.9	1,516.6	1,686.6	1,408.1
Wholesale price, 12-city (cts./lb.)	47.4	56.3	59.0	59.9	55.3	57.9	56.4	59.5	54.9	57.4
Price of grower feed (\$/ton)	186	220	237	233	217	220	220	224	221	220
Broiler-feed price ratio 1/	3.1	3.1	3.0	3.1	3.1	3.2	3.1	3.3	3.0	3.2
Stocks beginning of period (mil. lb.)	23.9	24.8	35.9	39.7	31.4	32.9	30.9	30.0	34.3	25.9
Broiler-type chicks hatched (mil.) 2/	6,379.2	5,602.4	5,944.3	485.1	535.8	553.7	540.9	541.0	540.6	508.6
<b>Turkeys</b>										
Federally inspected slaughter, certified (mil. lb.)	3,717.1	3,923.4	4,174.8	385.7	328.4	384.1	389.2	395.7	444.0	381.4
Wholesale price, Eastern U.S., 8-16 lb. young hens (cts./lb.)	57.8	61.2	66.7	57.9	59.6	61.3	62.9	63.4	66.6	69.0
Price of turkey grower feed (\$/ton)	213	243	251	259	239	239	239	240	235	239
Turkey-feed price ratio 1/	3.2	3.0	3.2	2.9	3.1	3.2	3.2	3.2	3.4	3.4
Stocks beginning of period (mil. lb.)	178.2	266.2	249.7	574.3	318.8	354.4	405.6	489.3	541.7	593.1
Poults placed in U.S. (mil.)	264.2	261.4	289.0	19.9	28.9	29.0	29.2	29.0	25.8	19.7
<b>Eggs</b>										
Farm production (mil.)	70,418	69,402	67,041	5,439	5,653	5,765	5,536	5,699	5,711	5,528
Average number of layers (mil.)	284	277	269	267	272	270	268	266	267	268
Rate of lay (eggs per layer on farms)	248	251	250	20.4	20.8	21.4	20.7	21.5	21.4	20.6
Cartoned price, New York, grade A large (cts./doz.) 3/	61.6	62.1	61.9	63.8	62.4	67.9	73.8	70.9	60.3	62.2
Price of laying feed (\$/ton)	189	202	208	209	195	197	224	206	205	204
Egg-feed price ratio 1/	6.3	5.3	6.7	6.8	6.6	6.1	5.6	5.4	6.4	6.7
<b>Stocks, first of month</b>										
Shell (mil. doz.)	0.66	1.29	0.27	0.51	0.69	0.60	0.83	0.66	0.87	0.57
Frozen (mil. doz.)	9.8	13.1	14.9	11.4	12.7	13.1	12.8	13.7	13.0	13.0
Replacement chicks hatched (mil.)	428	366	384	32.9	37.2	37.7	34.5	31.7	33.0	32.7

1/ Pounds of feed equal in value to 1 dozen eggs or 1 lb. of broiler or turkey liveweight. 2/ Placement of broiler chicks is currently reported for 15 States only; henceforth, hatch of broiler-type chicks will be used as a substitute. 3/ Price of cartoned eggs to volume buyers for delivery to retailers.

Information contact: Maxine Davis (202) 219-0767.

Table 14.—Dairy

	Annual			1989		1990				
	1987	1988	1989	Sept	Apr	May	June	July	Aug	Sept
Milk prices, Minnesota-Wisconsin, 3.5% fat (\$/cwt) 1/	11.23	11.03	12.37	13.10	12.32	12.78	13.28	13.43	13.09	12.50
Wholesale prices										
Butter, grade A Chl. (cts./lb.)	140.2	132.5	127.9	125.1	106.9	99.0	98.4	100.3	98.9	98.9
Am. cheese, Wis. assembly pt. (cts./lb.)	123.2	123.8	138.8	155.8	140.5	145.7	149.5	151.0	150.3	142.8
Nonfat dry milk (cts./lb.) 2/	79.3	80.2	105.5	121.7	104.3	125.4	129.2	125.2	112.1	92.0
USDA net removals										
Total milk equiv. (mil. lb.) 3/	8,706.0	8,856.2	8,967.9	162.9	974.5	1,014.2	840.8	467.8	324.5	119.2
Butter (mil. lb.)	187.3	312.8	413.4	7.7	48.9	48.9	23.9	15.5	15.8	5.6
Am. cheese (mil. lb.)	282.0	238.1	37.4	0	0	0	0	0	0	0
Nonfat dry milk (mil. lb.)	559.4	267.5	0	0	0	0	0	0	0	15.9
Milk										
Milk prod. 21 States (mil. lb.)	121,431	123,518	122,531	9,868	10,842	11,226	10,696	10,695	10,479	10,019
Milk per cow (lb.)	13,969	14,291	14,370	1,137	1,274	1,319	1,257	1,257	1,229	1,173
Number of milk cows (1,000)	8,693	8,643	8,527	8,501	8,507	8,513	8,512	8,511	8,523	8,538
U.S. milk production (mil. lb.)	142,709	145,152	144,252	11,368	12,777	13,229	12,605	12,587	12,333	11,791
Stock, beginning										
Total (mil. lb.)	12,867	7,440	8,234	13,334	10,651	11,418	12,465	13,241	13,452	13,451
Commercial (mil. lb.)	4,165	4,846	4,289	5,830	5,008	5,145	5,383	5,495	5,653	5,607
Government (mil. lb.)	8,702	2,794	3,945	7,505	5,643	6,272	7,082	7,746	7,799	7,844
Imports, total (mil. lb.) 3/	2,490	2,394	2,499	222	253	216	258	233	208	—
Commercial disappearance (mil. lb.)	135,754	136,805	135,843	11,826	11,748	12,018	11,940	12,019	12,087	—
Butter										
Production (mil. lb.)	1,104.1	1,207.5	1,273.5	81.6	120.0	120.5	95.9	85.1	83.8	84.8
Stocks, beginning (mil. lb.)	193.0	143.2	214.7	439.7	318.8	349.1	392.2	417.2	418.1	423.9
Commercial disappearance (mil. lb.)	902.5	909.8	854.1	78.4	75.0	68.9	80.2	71.6	66.7	—
American cheese										
Production (mil. lb.)	2,716.7	2,756.6	2,672.6	204.6	249.9	264.7	252.5	236.4	229.3	220.5
Stocks, beginning (mil. lb.)	697.1	370.4	293.0	308.2	292.7	299.6	314.1	333.1	357.8	356.5
Commercial disappearance (mil. lb.)	2,437.1	2,570.0	2,681.6	236.4	243.9	251.8	237.0	214.7	232.0	—
Other cheese										
Production (mil. lb.)	2,627.7	2,815.4	2,941.3	243.9	265.1	280.8	276.3	266.2	258.6	256.2
Stocks, beginning (mil. lb.)	92.0	89.7	104.7	117.5	104.0	112.7	119.5	129.1	124.0	117.0
Commercial disappearance (mil. lb.)	2,680.2	3,034.5	3,208.9	288.4	278.6	297.7	293.2	296.9	290.6	—
Nonfat dry milk										
Production (mil. lb.)	1,058.8	979.7	974.7	44.9	90.0	95.1	83.3	72.7	62.9	50.6
Stocks, beginning (mil. lb.)	688.8	177.2	53.1	56.9	81.8	82.8	70.8	93.3	108.7	123.6
Commercial disappearance (mil. lb.)	492.9	734.3	873.0	57.7	88.9	87.6	61.0	57.7	48.0	—
Frozen dessert										
Production (mil. gal.) 4/	1,260.7	1,248.0	1,214.0	99.7	104.1	114.2	119.0	125.3	118.0	94.0
	Annual			1989				1990		
	1987	1988	1989	I	II	III	IV	I P	II P	III P
Milk production (mil. lb.)	142,709	145,152	144,252	36,445	37,702	35,188	34,917	36,940	38,811	36,711
Milk per cow (lb.)	13,819	14,145	14,244	3,586	3,727	3,484	3,448	3,644	3,813	3,619
No. of milk cows (1,000)	10,327	10,262	10,127	10,184	10,116	10,101	10,127	10,137	10,126	10,144
Milk-feed price ratio 5/	1.84	1.58	1.64	1.56	1.48	1.63	1.92	1.82	1.69	1.76
Returns over concentrate 5/ costs (\$/cwt milk)	9.52	9.05	10.08	9.69	8.96	9.92	12.16	11.30	10.27	10.90

1/ Manufacturing grade milk. 2/ Prices paid f.o.b. Central States production area. 3/ Milk equivalent, fat basis. 4/ Hard ice cream, ice milk, & hard sherbet. 5/ Based on average milk price after adjustment for price support deductions. & Estimated. P = preliminary. — = not available.

Information contact: LaVerne T. Williams (202) 219-0770.

Table 15.—Wool

	Annual			1989			1990		
	1987	1988	1989	II	III	IV	I	II	III
U.S. wool price, (cts./lb.) 1/	265	438	370	372	350	328	289	272	237
Imported wool price, (cts./lb.) 2/	247	372	354	322	309	316	327	312	271
U.S. mill consumption, scoured 3/									
Apparel wool (1,000 lb.)	129,677	117,069	112,998	29,991	25,983	24,921	29,948	30,066	—
Carpet wool (1,000 lb.)	13,092	15,633	14,122	3,979	3,865	2,984	3,779	3,607	—

1/ Wool price delivered at U.S. mills, clean basis. Graded Territory 64's (20.00-22.04 microns) staple 2-3/4" & up. 2/ Wool price, Charleston, SC warehouse, clean basis, Australian 60/62's, type 64A (24 micron). Duty since 1982 has been 10.0 cents. 3/ Beginning 1990 mill consumption reported only on a quarterly basis. — = not available.

Information contact: John Lawler (202) 219-0840.



Table 16.—Meat Animals

	Annual			1989	1990					
	1987	1988	1989	Sept	Apr	May	June	July	Aug	Sept
Cattle on feed (7 States)										
Number on feed (1,000 head) 1/	7,953	8,411	8,045	8,631	8,483	8,181	7,867	7,310	7,003	6,990
Placed on feed (1,000 head)	21,040	20,654	20,834	1,953	1,377	1,832	1,340	1,520	1,735	2,214
Marketings (1,000 head)	19,545	19,918	19,422	1,579	1,554	1,798	1,824	1,750	1,686	1,445
Other disappearance (1,000 head)	1,217	1,202	1,070	79	125	150	73	77	82	79
Beef steer-corn price ratio, Omaha 2/	41.0	31.5	30.3	30.8	31.1	29.3	27.9	28.5	30.9	34.5
Hog-corn price ratio, Omaha 2/	32.8	19.6	18.4	19.8	21.2	23.6	22.4	23.9	23.1	25.1
Market prices (\$/cwt)										
Slaughter cattle										
Choice steers, Omaha	84.60	69.54	72.52	68.44	79.36	77.57	75.63	74.46	76.22	75.75
Utility cows, Omaha	44.83	46.55	47.86	52.42	54.48	55.41	56.04	54.56	56.07	54.33
Feeder cattle										
Choice, Kansas City, 600-700 lb.	75.38	83.67	86.13	88.63	90.81	91.90	94.13	93.50	92.30	91.50
Slaughter hogs										
Barrows & gilts, 7-markets	51.69	43.39	44.03	44.32	54.11	62.18	60.75	61.87	58.05	55.10
Feeder pigs										
S. Mo. 40-50 lb. (per head)	46.69	36.06	33.63	30.72	64.97	56.80	47.32	46.35	45.85	45.91
Slaughter sheep & lambs										
Lambs, Choice, San Angelo	78.09	68.26	67.32	63.81	63.13	62.25	53.56	53.25	51.20	51.75
Ewes, Good, San Angelo	38.62	38.88	38.58	30.31	36.50	33.25	32.38	34.83	36.60	32.88
Feeder lambs										
Choice, San Angelo	102.26	90.89	79.85	76.06	71.31	64.30	56.50	53.75	58.30	55.75
Wholesale meat prices, Midwest										
Boxed beef cut-out value*	103.84	110.50	114.78	110.08	123.62	124.56	121.53	118.54	121.52	121.18
Canner & cutter cow beef	85.26	87.77	94.43	99.14	100.81	101.29	101.51	101.62	105.22	101.93
Pork loins, 14-18 lb. 3/	106.23	97.49	101.09	105.25	120.68	138.08	125.62	144.14	119.56	121.64
Pork bellies, 12-14 lb.	63.11	41.25	34.14	34.23	62.60	61.48	65.15	53.18	61.08	51.31
Hams, skinned, 14-17 lb.	80.96	71.03	60.39	59.13	77.33	81.60	NQ	91.00	NQ	101.75
All fresh beef retail price 4/	212.64	224.81	238.97	241.00	252.88	251.52	254.05	255.76	254.71	256.39
Commercial slaughter (1,000 head)*										
Cattle	35,647	35,079	33,917	2,774	2,618	2,989	2,934	2,852	2,983	2,614
Steers	17,443	17,344	16,538	1,353	1,348	1,547	1,518	1,450	1,508	1,275
Heifers	10,908	10,754	10,406	875	771	894	913	910	928	841
Cows	6,610	6,337	6,316	489	448	490	448	439	486	443
Bulls & stags	689	644	659	57	51	58	55	63	83	55
Calves	2,815	2,508	2,172	179	132	142	137	144	152	138
Sheep & lambs	5,199	5,293	5,484	456	487	478	440	447	482	439
Hogs	61,081	67,795	68,663	7,678	6,959	8,976	6,322	6,154	7,301	6,896
Commercial production (mil. lb.)										
Beef	23,405	23,424	22,974	1,913	1,747	2,007	1,979	1,939	2,062	1,813
Veal	416	387	344	28	23	26	25	26	28	26
Lamb & mutton	309	329	341	27	31	31	28	28	30	27
Pork	14,312	15,623	16,759	1,349	1,247	1,256	1,142	1,102	1,308	1,226
	Annual			1989			1990			
	1987	1988	1989	II	III	IV	I	II	III	IV
Cattle on feed (13 States)										
Number on feed (1,000 head) 1/	9,555	10,114	9,688	9,918	8,680	8,276	9,943	10,063	8,761	9,102
Placed on feed (1,000 head)	25,074	24,423	24,484	6,212	5,719	7,321	6,068	5,111	6,343	—
Marketings (1,000 head)	23,126	23,459	22,955	6,040	5,896	5,361	5,583	6,013	5,741 6/	5,495
Other disappearance (1,000 head)	1,389	1,390	1,274	410	227	293	385	400	261	—
Hogs & pigs (10 States) 5/										
Inventory (1,000 head) 1/	39,730	42,676	43,210	41,655	44,020	45,200	42,200	40,190	42,800	44,410
Breeding (1,000 head) 1/	5,125	5,435	5,335	5,440	5,565	5,335	5,280	5,250	5,440	5,340
Market (1,000 head) 1/	34,605	37,240	37,875	36,215	38,455	39,865	36,920	34,940	37,360	39,070
Farrowings (1,000 head)	6,853	9,370	9,203	2,580	2,324	2,190	2,013	2,458	2,268 6/	2,252
Pig crop (1,000 head)	68,955	72,268	71,807	20,309	18,167	18,890	15,748	19,676	17,922	—

1/ Beginning of period. 2/ Bushels of corn equal in value to 100 pounds live weight. 3/ Prior to 1984, 8-14 lb.; 1984 & 1985, 14-17 lb.; beginning 1986, 14-18 lb. 4/ New series estimating the composite price of all beef grades & ground beef sold by retail stores. This new series is in addition to, but does not replace, the series for the retail price of Choice beef that appears in table 8. 5/ Quarters are Dec. of preceding year-Feb. (I), Mar.-May (II), June-Aug. (III), & Sept.-Nov. (IV). 6/ Intentions.  
 \*Classes estimated. NQ = not quote. — = not available.

Note: \*This series replaces the Choice steer beef price, 600-700 lb., which was discontinued with the June number. The new number is the value of Choice beef from a yield grade 1-3, 550-700 lb. carcass.

Information contact: Polly Cochran (202) 219-0767.

## Crops &amp; Products

Table 17.—Supply & Utilization<sup>1,2</sup>

	Area			Yield	Production	Total supply <sup>4/</sup>	Feed and residual	Other domestic use	Exports	Total use	Ending stocks	Farm price <sup>5/</sup>
	Set aside <sup>3/</sup>	Planted	Harvested									
	Mil. acres		Bu./acre		Mil. bu.		Mil. bu.				\$/bu.	
Wheat												
1985/86	18.8	75.6	64.7	37.5	2,424	3,885	284	767	909	1,990	1,905	3.08
1986/87	21.0	72.1	60.7	34.4	2,091	4,017	401	796	999	2,196	1,821	2.42
1987/88	23.9	65.8	56.0	37.7	2,108	3,945	280	808	1,598	2,684	1,261	2.67
1988/89*	22.5	65.5	53.2	34.1	1,812	3,096	157	818	1,419	2,394	702	3.72
1989/90*	9.6	70.6	62.1	32.8	2,037	2,782	180	832	1,233	2,225	536	3.72
1990/91*	7.1	77.3	69.4	39.6	2,744	3,303	450	833	1,075	2,358	945	2.55-2.75
Rice												
	Mil. acres		Lb./acre		Mil. cwt (rough equiv.)						\$/cwt	
1985/86	1.24	2.51	2.49	5,414	134.9	201.8	—	8/ 65.8	56.7	124.6	77.3	6.53
1986/87	1.48	2.38	2.36	5,651	133.4	213.3	—	8/ 77.7	84.2	181.9	51.4	3.75
1987/88	1.57	2.36	2.33	5,555	129.6	184.0	—	8/ 80.4	72.2	152.6	31.4	7.27
1988/89*	1.09	2.93	2.90	5,514	159.6	195.0	—	8/ 82.3	85.9	196.2	26.7	6.83
1989/90*	1.21	2.73	2.69	5,749	184.5	185.4	—	8/ 82.4	76.8	159.2	26.3	7.30
1990/91*	1.03	2.87	2.81	5,629	158.1	189.1	—	8/ 88.8	74.0	162.8	26.3	6.25-7.25
Corn												
	Mil. acres		Bu./acre		Mil. bu.						\$/bu.	
1985/86	5.4	83.4	75.2	118.0	8,875	10,534	4,107	1,180	1,227	6,494	4,040	2.23
1986/87	14.3	76.7	68.9	119.4	8,226	12,287	4,701	1,192	1,492	7,325	4,882	1.50
1987/88	23.1	65.2	59.5	119.6	7,131	12,016	4,812	1,229	1,716	7,757	4,259	1.94
1988/89*	20.5	67.7	58.3	84.6	4,929	9,191	3,987	1,245	2,028	7,260	1,930	2.54
1989/90*	10.8	72.3	64.8	116.2	7,527	9,480	4,458	1,290	2,367	8,115	1,344	2.36
1990/91*	10.1	74.5	66.7	118.0	7,935	9,281	4,700	1,320	2,025	8,045	1,236	2.20-2.60
Sorghum												
	Mil. acres		Bu./acre		Mil. bu.						\$/bu.	
1985/86	0.9	18.3	16.8	66.8	1,120	1,420	664	28	178	869	551	1.93
1986/87	3.0	15.3	13.9	67.7	938	1,489	535	12	198	746	743	1.37
1987/88	4.1	11.8	10.5	69.4	731	1,474	555	25	231	811	663	1.70
1988/89*	3.9	10.3	9.0	63.8	677	1,239	468	22	310	800	440	2.27
1989/90*	3.3	12.6	11.2	55.4	618	1,058	616	15	607	836	220	2.10
1990/91*	3.0	10.7	9.3	60.5	560	780	440	15	225	680	100	2.00-2.40
Barley												
	Mil. acres		Bu./acre		Mil. bu.						\$/bu.	
1985/86	0.7	13.2	11.6	51.0	591	848	333	189	22	623	325	1.98
1986/87	2.1	13.1	12.0	50.8	611	944	298	174	137	608	336	1.61
1987/88	2.9	11.0	9.9	52.4	521	869	254	174	120	548	321	1.81
1988/89*	2.8	9.8	7.6	38.0	290	622	166	180	79	425	196	2.80
1989/90*	2.3	9.2	8.3	48.6	404	615	185	180	89	454	161	2.42
1990/91*	2.6	8.3	7.6	55.2	419	695	175	185	65	445	150	2.10-2.30
Oats												
	Mil. acres		Bu./acre		Mil. bu.						\$/bu.	
1985/86	0.1	13.3	8.2	63.7	521	728	460	82	2	544	184	1.23
1986/87	0.6	14.7	6.9	56.3	386	603	395	73	3	471	133	1.21
1987/88	0.8	18.0	6.9	54.0	374	652	358	81	1	440	112	1.66
1988/89*	0.3	13.9	5.5	39.3	218	393	194	100	1	294	98	2.61
1989/90*	0.4	12.1	6.9	54.3	374	544	271	115	1	387	157	1.49
1990/91*	0.2	10.4	6.0	60.2	358	576	330	120	1	451	125	1.10-1.20
Soybeans												
	Mil. acres		Bu./acre		Mil. bu.						\$/bu.	
1985/86	0	63.1	61.6	34.1	2,099	2,415	0	1,053	740	1,879	536	5.05
1986/87	0	60.4	58.3	33.3	1,940	2,476	0	1,179	757	2,040	436	4.78
1987/88	0	58.2	57.2	33.9	1,938	2,374	0	1,174	802	2,072	302	5.88
1988/89*	0	58.8	57.4	27.0	1,549	1,855	0	1,058	527	1,673	182	7.42
1989/90*	0	60.8	59.5	32.3	1,924	2,109	0	1,146	623	1,870	239	5.70
1990/91*	0	57.7	56.5	33.7	1,904	2,145	0	1,185	610	1,890	255	5.35-6.35
Soybean oil												
					Mil. lbs.						¢/ Cts./Ab.	
1985/86	—	—	—	—	11,617	12,257	—	10,053	1,257	11,310	947	18.00
1986/87	—	—	—	—	12,783	13,745	—	10,833	1,187	12,020	1,725	15.40
1987/88	—	—	—	—	12,974	8/ 14,895	—	10,930	1,673	12,603	2,092	22.65
1988/89*	—	—	—	—	11,737	8/ 13,987	—	10,591	1,661	12,252	1,715	21.10
1989/90*	—	—	—	—	13,004	8/ 14,735	—	11,985	1,426	13,410	1,325	22.30
1990/91*	—	—	—	—	13,080	8/ 14,400	—	12,000	1,300	13,300	1,100	21.0-24.0
Soybean meal												
					1,000 tons						¢/ \$/ton	
1985/86	—	—	—	—	24,951	25,338	—	19,090	6,036	25,126	212	155
1986/87	—	—	—	—	27,758	27,970	—	20,387	7,343	27,730	240	163
1987/88	—	—	—	—	28,080	28,300	—	21,293	6,854	28,147	153	222
1988/89*	—	—	—	—	24,943	25,100	—	19,639	5,288	24,927	173	233
1989/90*	—	—	—	—	27,719	27,898	—	22,550	5,030	27,580	318	174
1990/91*	—	—	—	—	28,227	28,550	—	22,750	5,600	28,250	300	180-185

See footnotes at end of table.

Table 17.—Supply &amp; Utilization, continued

	Area			Yield	Production	Total supply <sup>4/</sup>	Feed and residual	Other domestic use	Exports	Total use	Ending Stocks	Farm price <sup>5/</sup>
	Set Aside <sup>3/</sup>	Planted	Harvested									
	Mil. acres			Lb./acre				Mil. bales				
Cotton 10/												
1985/86	3.8	10.7	10.2	830	13.4	17.0	—	8.4	2.0	8.4	9.4	56.50
1986/87	4.2	10.0	8.5	552	9.7	19.1	—	7.4	6.7	14.1	5.0	52.40
1987/88	3.9	10.4	10.0	706	14.8	19.8	—	7.6	6.6	14.2	5.8	64.30
1988/89*	2.2	12.5	12.0	619	15.4	21.2	—	7.8	6.2	13.9	7.1	66.80
1989/90*	3.5	10.6	9.5	614	12.2	18.3	—	8.8	7.7	16.5	3.0	65.60
1990/91*	1.9	12.3	11.5	622	14.9	17.9	—	8.4	7.0	15.4	2.8	—

\* November 8, 1990 Supply and Demand Estimates. 1/ Marketing year beginning June 1 for wheat, barley, & oats, August 1 for cotton & rice, September 1 for soybeans, corn, & sorghum, October 1 for soybean meal & soybean oil. 2/ Conversion factors: Hectare (ha.) = 2.471 acres, 1 metric ton = 2204.622 pounds, 36.7437 bushels of wheat or soybeans, 39.3679 bushels of corn or sorghum, 45.9298 bushels of barley, 68.8944 bushels of oats, 22.048 cwt of rice, and 4.59 480-pound bales of cotton. 3/ Includes diversion, PIK, acreage reduction, 50-92, & 0-92 programs. 4/ Includes imports. 5/ Market average prices do not include an allowance for loans outstanding & Government purchases. 6/ Residual included in domestic use. 7/ Average of crude soybean oil, Decatur. 8/ Includes 196 million pounds in imports for 1987/88, 138 million in 1989/90, 15 million in 1989/90, & 50 million in 1990/91. 9/ Average of 44 percent, Decatur. 10/ Upland & extra long staple. Stocks estimates based on Census Bureau data, resulting in an unaccounted difference between supply & use estimates & changes in ending stocks. — = not available or not applicable.

Information contact: Commodity Economics Division, Crops Branch (202) 219-0840.

Table 18.—Food Grains

	Marketing year 1/				1989	1990				
	1985/86	1986/87	1987/88	1988/89	Sept	May	June	July	Aug	Sept
Wholesale prices										
Wheat, No. 1 HRW, Kansas City (\$/bu.) 2/	3.28	2.72	2.96	4.17	4.18	3.91	3.80	3.11	2.89	2.83
Wheat, DNS, Minneapolis (\$/bu.) 2/	3.25	2.62	2.92	4.25	4.23	NQ	NQ	NQ	NQ	NQ
Rice, S.W. La. (\$/cwt) 3/	16.11	10.25	19.25	14.85	15.90	15.80	15.65	15.30	14.65	13.95
Wheat										
Exports (mil. bu.)	915	1,004	1,592	1,424	160	76	89	83	96	—
Mil. grind (mil. bu.)	703	765	753	778	64	64	61	62	74	—
Wheat flour production (mil. cwt)	314	335	336	346	28	28	27	28	33	—
Rice										
Exports (mil. cwt, rough equiv.)	58.7	84.2	72.2	85.6	8.0	4.5	4.1	3.2	4.5	—
	Marketing year 1/				1989	1990				
	1986/87	1987/88	1988/89	Mar-May	June-Aug	Sept-Nov	Dec-Feb	Mar-May	June-Aug	Sept-Nov
Wheat										
Stocks, beginning (mil. bu.)	1,905	1,821	1,281	1,227.7	701.6	1,917.2	1,423.7	943.1	536.5	2,402.0
Domestic use										
Food (mil. bu.)	712	721	715	165.0	183.1	183.1	180.5	184.3	197.4	—
Seed, feed & residual (mil. bu.) 4/	485	365	260	-2.8	273.9	-12.8	44.9	-44.9	420.6	—
Exports (mil. bu.)	999	1,598	1,419	368.0	389.9	328.6	259.7	274.8	268.1	—

1/ Beginning June 1 for wheat & August 1 for rice. 2/ Ordinary protein. 3/ Long grain, milled basis. 4/ Residual includes feed use. — = not available. NQ = no quote.

Information contacts: Ed Allen & Janet Livezey (202) 219-0840.

Table 19.—Cotton

	Marketing year 1/				1989	1990				
	1985/86	1986/87	1987/88	1988/89	Sept	May	June	July	Aug	Sept
U.S. price, SLM, 1-1/16 in. (cts./lb.) 2/	60.0	53.2	63.1	57.7	68.5	74.6	77.1	79.5	76.3	71.0
Northern Europe prices										
Index (cts./lb.) 3/	48.9	62.0	72.7	66.4	81.5	86.9	90.3	90.9	81.0	81.4
U.S. M 1-3/32 in. (cts./lb.) 4/	64.8	61.8	76.3	69.2	82.6	88.9	92.7	95.9	80.6	81.7
U.S. mill consumpt. (1,000 bales)	6,399	7,452	7,617	7,762	753	789	723	641	829	693
Exports (1,000 bales)	1,969	6,884	6,582	6,148	492	590	538	440	544	—
Stocks, beginning (1,000 bales)	4,102	9,348	5,026	5,771	6,146	6,665	5,287	3,923	3,000	2,228

1/ Beginning August 1. 2/ Average spot market. 3/ Liverpool Cottonlook (A) Index; average of five lowest prices of 11 selected growths. 4/ Memphis territory growths. — = not available.

Information contact: Scott Sanford (202) 219-0940.

Table 20.—Feed Grains

	Marketing year 1/				1989	1990				
	1985/86	1986/87	1987/88	1988/89	Sept	May	June	July	Aug	Sept
Wholesale prices										
Corn, no. 2 yellow, 30 day, Chicago (\$/bu.)	2.35	1.64	2.14	2.68	2.32	2.83	2.84	2.73	2.52	2.33
Sorghum, no. 2 yellow, Kansas City (\$/cwt)	3.72	2.73	3.40	4.17	4.73	4.47	4.54	4.82	4.27	3.89
Barley, feed, Duluth (\$/bu.) 2/	1.53	1.44	1.78	2.31	2.14	2.33	2.39	2.17	1.99	2.01
Barley, malting, Minneapolis (\$/bu.)	2.24	1.89	2.04	4.11	3.42	3.17	2.92	2.36	2.35	2.32
Exports 3/										
Corn (mil. bu.)	1,241	1,504	1,723	2,036	114	214	201	148	1.53	106
Feed grains (mil. metric tons) 4/	36.6	46.3	52.3	61.3	4.0	6.2	5.6	4.3	4.7	3.2
	Marketing year 1/				1989	1990				
	1985/86	1986/87	1987/88	1988/89	June-Aug	Sept-Nov	Dec-Feb	Mar-May	June-Aug	Sept-Nov
Corn										
Stocks, beginning (mil. bu.)	1,648	4,040	4,882	4,259	3,419	1,930	7,079	4,813	2,839	1,344.5
Domestic use										
Feed (mil. bu.)	4,095	4,714	4,805	3,979	690	1,499	1,290	1,022	689	—
Food, seed, ind. (mil. bu.)	1,160	1,192	1,229	1,245	330	298	295	351	336	—
Exports (mil. bu.)	1,241	1,504	1,723	2,036	470	582	682	601	485	—
Total use (mil. bu.)	6,496	7,410	7,757	7,260	1,490	2,379	2,267	1,974	1,510	—

1/ September 1 for corn & sorghum; June 1 for oats & barley. 2/ Beginning March 1987 reporting point changed from Minneapolis to Duluth. 3/ Includes products. 4/ Aggregated data for corn, sorghum, oats, & barley. — = not available.

Information contact: James Cole (202) 219-0840

Table 21.—Fats &amp; Oils

	Marketing year *				1989	1990				
	1985/86	1986/87	1987/88	1988/89	Aug	Apr	May	June	July	Aug
Soybeans										
Wholesale price, no. 1 yellow, Chicago (\$/bu.)	5.20	5.03	6.67	7.41	5.98	5.98	6.22	6.01	6.05	6.06
Crushings (mil. bu.)	1,052.8	1,178.8	1,174.5	1,057.7	75.9	95.1	93.4	91.9	92.2	92.8
Exports (mil. bu.)	740.7	756.9	801.6	530.6	18.3	43.6	23.1	35.2	20.8	28.3
Stocks, beginning (mil. bu.)	318.0	536.4	436.4	302.5	31.0	83.4	73.0	67.5	58.6	46.9
Soybean oil										
Wholesale price, crude, Decatur (cts./lb.)	18.02	15.36	22.87	21.09	18.6	24.2	23.7	24.9	23.5	25.0
Production (mil. lb.)	11,817.3	12,783.1	12,974.5	11,737.0	843.0	1,066.8	1,050.1	1,035.8	1,038.0	1,044.0
Domestic disp. (mil. lb.)	10,045.9	10,820.2	10,734.1	10,455.6	931.6	1,012.7	1,103.5	1,003.1	903.9	1,018.5
Exports (mil. lb.)	1,257.3	1,184.5	1,873.2	1,658.2	285.6	33.0	112.1	181.9	122.6	82.5
Stocks, beginning (mil. lb.)	632.5	946.6	1,725.0	2,092.2	2,069.6	1,694.9	1,716.8	1,550.8	1,421.7	1,433.2
Soybean meal										
Wholesale price, 44% protein, Decatur (\$/ton)	154.88	182.61	221.90	233.46	217.10	185.40	178.00	169.10	171.32	172.40
Production (1,000 ton)	24,951.3	27,758.8	28,060.2	24,842.7	1,758.6	2,263.7	2,224.2	2,183.4	2,198.6	2,205.0
Domestic disp. (1,000 ton)	19,117.2	20,387.4	21,275.9	19,792.5	1,578.1	1,834.9	1,853.1	1,757.8	1,903.0	1,923.8
Exports (1,000 ton)	6,009.3	7,343.0	6,871.0	5,130.8	159.7	433.0	428.3	415.6	288.4	316.9
Stocks, beginning (1,000 ton)	386.9	211.7	240.2	153.5	154.0	311.8	307.7	252.6	262.5	267.7
Margarine, wholesale price, Chicago, white (cts./lb.)	51.2	40.3	40.3	52.3	51.6	54.3	60.0	63.6	63.6	62.5

\* Beginning September 1 for soybeans; October 1 for soybean meal & oil; calendar year for margarine.

Information contacts: Roger Hoskin (202) 219-0840, Tom Bickerton (202) 219-0824.



Table 22.—Farm Programs, Price Supports, Participation &amp; Payment Rates

	Target price	Loan rate	Findley loan rate	Payment rates			PIK	Base acres 1/	Program 2/	Participation rate 3/
				Deficiency	Paid land diversion	Percent 4/				
			\$/bu.				Mill. acres		Percent of base	
Wheat										
1984/85	4.38	3.30	—	1.00	2.70	85	94.0	20/10/10-20	80/60/20	
1985/86	4.38	3.30	—	1.08	2.70	—	94.0	20/10/0	73	
1986/87 5/	4.38	3.00	2.40	1.98	2.00	1.10	91.8	22.5/2.5/5-10	85/85/21	
1987/88	4.38	2.85	2.28	1.81	—	—	87.8	27.5/0/0	88	
1988/89	4.23	2.78	2.21	0.69	—	—	84.8	27.5/0/0	88	
1989/90	4.10	2.58	2.08	7/ 0.32	—	—	82.3	10/0/0	78	
1990/91	4.00	2.44	1.95	1.00	—	—	80.5	* 5/0/0	80	
			</							

1/ Includes planted area plus acres considered planted (ARP, PLD, 0-92 etc). Net of CRP. 2/ Percentage of base acres that farmers participating in Acreage Reduction Programs/Paid Land Diversion/PIK were required to devote to conserving uses to receive program benefits. 3/ Percentage of base acres enrolled in Acreage Reduction Programs/Paid Land Diversion/PIK. 4/ Percent of program yield, except 1986/87 wheat, which is dollars per bushel. 1984 PIK rates apply only to the 10-20 portion. 5/ Rates for payments received in cash were reduced by 4.3 percent in 1986/87 due to Gramm-Rudman-Hollings. 6/ Annual average world market price. 7/ Guaranteed to farmers signed up for 0/92. 8/ The sorghum, oats, & barley programs were the same as for corn in each year except 1988-90, when the oats ARP was lower than for the other feed grains. 9/ There are no target prices, acreage programs, or payment rates for soybeans. 10/ Soybean program data refer to percent of program crop base permitted to shift into beans without loss of base. 11/ Loan repayment rate. 12/ Loans may be repaid at the lower of the loan rate or world market prices. \*On September 13, the Secretary announced that participating farmers have the option of planting up to 105 percent of their wheat base to boost 1990 supplies. For every acre planted in excess of 95 percent of base, the acreage used to compute deficiency payments will be cut by 1 acre. — = not available.

Information contact: James Cole (202) 219-0840.

Table 23.—Fruit

	1982	1983	1984	1985	1986	1987	1988	1989	1990 P
Citrus 1/									
Production (1,000 ton)	12,139	13,682	19,832	10,525	11,058	11,993	12,761	13,188	10,899
Per capita consumpt. (lbs.) 2/	24.7	29.4	24.0	22.6	26.0	25.7	27.1	24.4	—
Noncitrus 3/									
Production (1,000 tons)	14,658	14,168	14,301	14,191	13,874	16,011	15,884	16,300	14,317
Per capita consumpt. (lbs.) 2/	62.7	63.6	67.5	66.5	69.5	75.1	71.9	72.2	—
	1990								
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept
F.o.b. shipping point prices									
Apples (\$/carton) 4/	8.83	11.00	11.00	11.00	11.00	11.28	13.85	19.88	11.95
Pears (\$/box) 5/	12.00	13.85	14.00	14.00	14.00	15.88	—	—	—
Grower prices									
Oranges (\$/box) 6/	4.95	5.52	6.04	7.20	7.84	7.15	6.02	5.07	5.31
Grapefruit (\$/box) 6/	5.04	5.50	7.35	7.57	7.82	8.74	6.35	6.44	7.22
Stocks, ending									
Fresh apples (mil. lbs.)	2,571.7	2,024.6	1,399.6	1,004.3	589.8	283.9	118.9	8.8	3,008
Fresh pears (mil. lbs.)	200.2	153.0	104.8	63.0	26.9	2.3	33.8	199.8	641.8
Frozen fruits (mil. lbs.)	727.9	661.7	609.0	591.0	583.7	653.2	790.8	859.5	862.1
Frozen orange juice (mil. lbs.)	926.6	1,041.5	1,119.2	1,170.0	1,586.2	1,074.8	1,008.1	808.4	797.9

1/ 1990 indicated 1989/90 season. 2/ Fresh per capita consumption. 3/ Calendar year. 4/ Red delicious, Washington, extra fancy, carton try pack, 125's. 5/ D'Anjou, Washington, standard box wrapped, U.S. no. 1, 135's. 6/ U.S. equivalent on-tree returns. P = preliminary. — = not available.

Information contact: Wynne Napper (202) 219-0884.

Table 24.—Vegetables

	Calendar year									
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Production										
Total vegetables (1,000 cwt)	395,225	382,343	430,795	403,509	456,334	453,030	448,629	478,381	470,222	544,195
Fresh (1,000 cwt) 1/ 3/	178,418	183,456	193,451	185,782	201,817	203,549	203,165	220,539	230,484	240,360
Processed (tons) 2/ 3/	10,790,440	10,444,330	11,867,170	10,888,350	12,725,880	12,474,040	12,273,200	12,892,100	11,988,910	15,191,740
Mushrooms (1,000 lbs.)	469,576	517,146	490,826	561,531	595,681	587,956	614,393	631,819	667,759	715,010
Potatoes (1,000 cwt)	303,905	340,623	355,131	333,728	382,039	408,609	361,743	389,320	356,438	370,484
Sweet potatoes (1,000 cwt)	10,953	12,799	14,833	12,083	12,902	14,573	12,368	11,611	10,945	11,358
Dry edible beans (1,000 cwt)	26,729	32,751	25,563	15,520	21,070	22,175	22,886	26,031	19,253	24,333
	1989									
	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept
Shipments										
Fresh (1,000 cwt) 4/	17,467	21,852	17,748	19,860	22,475	35,292	30,291	21,826	22,082	21,154
Potatoes (1,000 cwt)	11,722	13,096	10,738	12,095	12,809	16,062	10,136	8,255	10,029	15,094
Sweet potatoes (1,000 cwt)	476	301	255	251	331	268	167	109	101	302

1/ Includes fresh production of asparagus, broccoli, carrots, cauliflower, celery, sweet corn, lettuce, honeydews, onions, & tomatoes. 2/ Includes processing production of snap beans, sweet corn, green peas, tomatoes, cucumbers (for pickles), asparagus, broccoli, carrots, & cauliflower. 3/ Asparagus & cucumber estimates were not available for 1982 & 1983. 4/ Includes snap beans, broccoli, cabbage, carrots, cauliflower, celery, sweet corn, cucumbers, eggplant, lettuce, onions, bell peppers, squash, tomatoes, cantaloupes, honeydews, & watermelons. — = not available.

Information contacts: Gary Lucier or Cathy Greene (202) 219-0884.

Table 25.—Other Commodities

	Annual					1989			1990	
	1985	1986	1987	1988	1989	Apr-June	July-Sept	Oct-Dec	Jan-Mar	Apr-June
Sugar										
Production 1/	5,969	6,257	7,309	7,087	8,827	677	617	3,709	1,671	572
Deliveries 1/	8,035	7,786	8,167	8,188	8,309	2,056	2,161	2,190	1,968	2,048
Stocks, ending 1/	3,126	3,225	3,195	3,132	2,933	2,351	1,224	2,933	3,112	2,165
Coffee										
Composite green price N.Y. (cts./lb.)	137.46	185.18	109.14	115.59	95.17	118.91	72.29	63.70	73.22	78.55
Imports, green bean equiv. (mil. lbs.) 2/	2,550	2,596	2,638	2,072	2,630	535	784	725	866	702
	Annual					1989				
	1987	1988	1989	Apr	Nov	Dec	Jan	Feb	Mar	Apr
Tobacco										
Prices at auctions 3/										
Flue-cured (\$/lb.)	1.59	1.61	—	—	1.58	—	—	—	—	—
Burley (\$/lb.)	1.56	1.61	—	—	1.67	1.68	1.68	1.67	—	—
Domestic consumption 4/										
Cigarettes (bil.)	575.0	562.5	540.1	44.4	50.0	34.4	38.4	41.1	48.5	45.3
Large cigars (mil.)	2,728	2,531	2,467.6	179.1	212.5	187.0	165.5	164.3	198.5	174.2

1/ 1,000 short tons, raw value. Quarterly data shown at end of each quarter. 2/ Net imports of green & processed coffee. 3/ Crop year July-June for flue-cured, Oct-Sept. for burley. 4/ Taxable removals. — = not available.

Information contacts: sugar, Peter Buzzanell (202) 219-0886, coffee, Fred Gray (202) 219-0888, tobacco, Verner Grisea (202) 219-0890.

## World Agriculture

Table 26.—World Supply &amp; Utilization of Major Crops, Livestock, &amp; Products

	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90 P	1990/91 F
	Million units						
<b>Wheat</b>							
Area (hectares)	231.2	229.8	228.2	220.0	218.0	225.5	230.8
Production (metric tons)	511.9	500.1	530.7	502.3	500.3	538.4	593.2
Exports (metric tons) 1/	107.0	85.0	90.7	105.0	98.8	98.8	95.3
Consumption (metric tons) 2/	493.0	498.2	522.5	530.2	531.5	536.2	566.7
Ending stocks (metric tons) 3/	164.4	168.3	176.4	148.5	117.4	117.8	144.0
<b>Coarse grains</b>							
Area (hectares)	334.8	341.3	336.5	324.3	328.1	323.3	322.3
Production (metric tons)	815.8	843.1	831.8	783.9	731.4	800.0	820.0
Exports (metric tons) 1/	100.4	83.2	83.7	83.2	94.5	100.8	91.0
Consumption (metric tons) 2/	782.6	778.8	808.0	814.9	797.7	828.1	825.1
Ending stocks (metric tons) 3/	143.9	208.2	234.0	213.0	148.7	120.8	115.4
<b>Rice, milled</b>							
Area (hectares)	144.2	144.9	145.2	141.5	145.6	146.2	145.9
Production (metric tons)	318.9	318.9	318.7	314.0	330.8	340.5	345.2
Exports (metric tons) 1/	11.3	12.8	12.9	11.9	15.1	12.1	13.0
Consumption (metric tons) 2/	310.2	319.4	322.7	319.8	328.8	334.6	342.6
Ending stocks (metric tons) 3/	56.0	55.4	51.4	45.6	47.8	53.4	56.0
<b>Total grains</b>							
Area (hectares)	710.0	715.8	709.9	685.8	689.7	695.0	699.0
Production (metric tons)	1,846.6	1,862.1	1,881.2	1,810.2	1,562.5	1,876.9	1,758.4
Exports (metric tons) 1/	218.7	180.8	187.3	200.1	208.4	208.3	199.3
Consumption (metric tons) 2/	1,585.8	1,594.4	1,651.2	1,664.9	1,658.0	1,698.9	1,734.4
Ending stocks (metric tons) 3/	364.3	431.9	481.8	407.1	311.7	291.6	315.4
<b>Oilseeds</b>							
Crush (metric tons)	150.7	155.1	161.4	167.7	165.5	171.7	178.7
Production (metric tons)	191.1	196.2	194.4	209.5	202.9	211.3	217.5
Exports (metric tons)	33.1	34.5	37.7	39.5	31.9	34.9	34.7
Ending stocks (metric tons)	21.1	26.8	23.3	24.0	22.3	22.4	22.0
<b>Meals</b>							
Production (metric tons)	101.8	105.0	110.5	115.1	111.7	116.9	120.9
Exports (metric tons)	32.3	34.4	38.6	38.3	38.3	38.0	39.3
<b>Oils</b>							
Production (metric tons)	48.2	49.4	50.3	53.2	53.6	56.8	58.7
Exports (metric tons)	15.6	16.4	16.9	17.7	18.4	19.4	19.4
<b>Cotton</b>							
Area (hectares)	33.9	31.9	29.9	31.1	33.7	32.2	33.7
Production (bales)	88.2	79.6	70.4	81.2	84.7	79.8	86.7
Exports (bales)	20.2	20.4	28.0	23.1	25.8	24.2	24.3
Consumption (bales)	70.0	75.7	82.5	84.1	85.6	87.2	88.3
Ending stocks (bales)	42.3	47.2	35.2	31.4	30.2	23.2	23.2
	1985	1986	1987	1988	1989	1990 P	1991 F
<b>Red meat</b>							
Production (metric tons)	103.6	106.5	109.6	113.4	115.2	114.4	116.1
Consumption (metric tons)	101.5	105.4	107.9	111.7	113.8	113.8	115.0
Exports (metric tons) 1/	6.3	6.7	6.6	6.9	7.2	6.5	6.9
<b>Poultry 5/</b>							
Production (metric tons)	26.2	29.3	31.3	32.9	34.1	35.7	37.1
Consumption (metric tons)	25.8	28.9	30.8	32.5	33.8	35.2	36.7
Exports (metric tons) 1/	1.2	1.2	1.5	1.7	1.8	2.0	2.1
<b>Dairy</b>							
Milk production (metric tons)	413.4	419.0	427.1	429.8	431.3	437.8	—

1/ Excludes intra-EC trade. 2/ Where stocks data not available (excluding USSR), consumption includes stock changes. 3/ Stocks data are based on differing marketing years & do not represent levels at a given date. Data not available for all countries; includes estimated change in USSR grain stocks but not absolute level. 4/ Calendar year data. 1985 data correspond with 1984/85, etc. 5/ Poultry excludes the Peoples Republic of China before 1986. P = preliminary. F = forecast.

Information contacts: Crops, Frederic Surls (202) 219-0824; red meat & poultry, Linda Bailey (202) 219-1285; dairy, Sara Short (202) 219-0770.

## Table 27.—Prices of Principal U.S. Agricultural Trade Products

**Information contact:** Mary Teymourian (202) 219-0824

Information contact: Tim Baxter, David Stallings (202) 219-0718.

Information contact: Stephen MacDonald (202) 219-0822



Table 30.—U.S. Agricultural Exports &amp; Imports

	Fiscal year*			Aug	Fiscal year*			Aug
	1988	1989	1990 F	1990	1988	1989	1990 F	1990
	1,000 units				\$ million			
EXPORTS								
Animals, live (no.) 1/	429	757	—	72	452	475	—	19
Meats & preps., excl. poultry (mt)	631	869	2/ 700	80	1,797	2,355	—	223
Dairy products (mt)	388	594	—	1	536	475	400	20
Poultry meats (mt)	390	468	600	51	424	514	—	57
Fats, oils, & greases (mt)	1,362	1,377	3/1,300	99	545	531	—	35
Hides & skins incl. furskins	—	—	—	—	1,637	1,713	—	145
Cattle hides, whole (no.) 1/	20,817	26,260	—	2,027	1,458	1,380	—	117
Mink pelts (no.) 1/	2,455	3,073	—	106	88	91	—	3
Grains & feeds (mt)	108,748	114,774	—	8,732	12,573	16,829	4/18,000	1,186
Wheat (mt)	40,517	37,642	28,500	2,465	4,489	6,004	5/4,600	328
Wheat flour (mt)	1,038	1,176	1,000	55	170	255	—	10
Rice (mt)	2,173	3,041	2,400	141	733	955	800	45
Feed grains, incl. products (mt)	53,117	61,049	69,200	4,771	5,193	7,383	6,000	571
Feeds & fodders (mt)	11,255	11,077	6/11,000	1,176	1,720	1,849	—	174
Other grain products (mt)	646	789	—	124	288	383	—	60
Fruits, nuts, and preps. (mt)	2,410	2,554	—	227	2,368	2,394	—	232
Fruit juices incl.	—	—	—	—	—	—	—	—
Froz. (1,000 hectoliters) 1/	5,497	4,997	—	656	252	264	—	32
Vegetables & preps. (mt)	1,821	2,476	—	135	1,280	1,542	—	144
Tobacco, unmanufactured (mt)	229	212	200	10	1,297	1,274	1,400	62
Cotton, excl. linters (mt)	1,388	1,441	1,800	119	2,136	2,040	2,900	193
Seeds (mt)	286	511	—	80	415	507	600	43
Sugar, cane or beet (mt)	318	368	—	38	98	134	—	16
Oilseeds & products (mt)	29,591	21,074	—	1,196	7,692	6,632	6,100	335
Oilseeds (mt)	21,504	14,614	—	789	5,229	4,368	—	205
Soybeans (mt)	21,045	14,116	16,900	761	5,000	4,089	3,800	181
Protein meal (mt)	6,389	4,962	4,400	311	1,500	1,358	1,000	84
Vegetable oils (mt)	1,699	1,498	—	96	962	908	—	66
Essential oils (mt)	9	13	—	1	120	171	—	13
Other	495	322	—	5	1,494	1,802	—	188
Total	148,064	147,053	148,500	10,774	35,316	39,652	40,000	2,945
IMPORTS								
Animals, live (no.) 1/	2,238	2,485	—	139	729	740	800	57
Meats & preps., excl. poultry (mt)	1,280	1,091	—	104	2,788	2,432	—	280
Beef & veal (mt)	779	668	725	69	1,681	1,525	1,800	162
Pork (mt)	456	371	345	32	1,001	778	800	88
Dairy products (mt)	337	323	—	22	881	834	900	81
Poultry & products 1/	—	—	—	—	97	130	—	12
Fats, oils, & greases (mt)	20	14	—	2	19	14	—	1
Hides & skins, incl. furskins 1/	—	—	—	—	247	241	—	11
Wool, unmanufactured (mt)	56	62	—	3	292	319	—	14
Grains & feeds (mt)	3,075	3,467	3,550	309	868	1,139	1,200	99
Fruits, nuts, & preps., excl. juices (mt)	4,797	5,036	5,150	368	2,169	2,269	—	182
Bananas & plantains (mt)	3,030	3,039	3,200	270	620	651	900	78
Fruit juices (1,000 hectoliters) 1/	26,758	27,747	30,300	2,144	768	792	—	62
Vegetables & preps. (mt)	2,518	2,953	—	94	1,593	1,959	2,300	119
Tobacco, unmanufactured (mt)	217	189	180	19	611	521	500	54
Cotton, unmanufactured (mt)	36	13	—	2	9	8	—	2
Seeds (mt)	143	158	170	4	153	187	200	10
Nursery stock & cut flowers 1/	—	—	—	—	419	466	—	47
Sugar, cane or beet (mt)	1,078	1,657	—	116	372	620	—	44
Oilseeds & products (mt)	1,772	1,917	1,950	174	638	946	900	84
Oilseeds (mt)	208	424	—	16	71	159	—	9
Protein meal (mt)	253	359	—	40	42	65	—	6
Vegetable oils (mt)	1,311	1,133	—	118	725	721	—	69
Beverages excl. fruit juices (1,000 hectoliters) 1/	15,583	13,967	—	1,326	2,008	1,815	—	176
Coffee, tea, cocoa, spices	1,813	1,867	—	155	4,274	3,896	—	255
Coffee, incl. products (mt)	1,050	1,084	1,250	78	2,600	2,467	2,300	128
Cocoa beans & products (mt)	562	584	585	61	1,164	969	900	96
Rubber & allied gums (mt)	846	927	850	81	949	1,051	800	53
Other	—	—	—	—	931	1,097	—	103
Total	—	—	—	—	21,014	21,477	22,500	1,726

\*Fiscal years begin Oct. 1 & end Sept. 30. Fiscal year 1989 began Oct. 1, 1988 & ended Sept. 30, 1989. 1/ Not included in total volume. 2/ Forecasts for footnoted items 2/-6/ are based on slightly different groups of commodities. Fiscal 1989 exports of categories used in the 1990 forecasts were 2/ 715,000 m. tons. 3/ 1,369 million m. tons. 4/ 17,088 million. 5/ 6,272 million. i.e. includes flour. 6/ 11,010 million m. tons. F = forecast. — = not available.

Information contact: Stephen MacDonald (202) 219-0822.

Table 31.—U.S. Agricultural Exports by Region

Region & country	Fiscal year*			Aug	Change from year* earlier			Aug
	1988	1989	1990 F	1990	1988	1989	1990 F	1990
	\$ million				Percent			
<b>WESTERN EUROPE</b>	8,004	7,074	7,000	411	11	-12	-1	13
European Community (EC-12)	7,488	6,565	6,500	372	10	-12	-1	16
Belgium-Luxembourg	429	431	—	22	1	1	—	11
France	563	474	—	29	14	-16	—	2
Germany, Fed. Rep.	1,273	918	—	51	1	-28	—	-6
Italy	713	609	—	38	-3	-15	—	15
Netherlands	2,095	1,847	—	109	8	-12	—	49
United Kingdom	818	736	—	49	23	-10	—	12
Portugal	340	307	—	22	25	-10	—	23
Spain, Incl. Canary Islands	848	876	—	30	29	3	—	16
Other Western Europe	518	510	500	39	20	-2	0	-10
Switzerland	192	166	—	11	32	-14	—	-11
<b>EASTERN EUROPE</b>	559	422	500	37	23	-24	25	93
German Dem. Rep.	67	72	—	0	0	8	—	-100
Poland	167	45	—	4	165	-73	—	31
Yugoslavia	104	78	—	18	-21	-26	—	1,778
Romania	93	62	—	13	-19	-33	—	121
<b>USSR</b>	1,940	3,299	3,100	11	194	70	-6	-83
<b>ASIA</b>	15,928	18,880	18,400	1,505	33	17	-2	1
West Asia (Mideast)	1,904	2,273	2,200	148	14	19	0	-31
Turkey	120	238	—	4	3	97	—	-93
Iraq	735	791	800	0	39	8	-25	-100
Israel, Incl. Gaza & W. Bank	334	330	—	35	37	-1	—	2
Saudi Arabia	464	482	500	67	-5	4	0	83
South Asia	805	1,181	—	75	133	44	—	-3
Bangladesh	107	213	—	22	-3	99	—	93
India	354	243	—	11	281	-31	—	19
Pakistan	276	599	500	40	181	117	-17	-28
China	613	1,496	800	97	161	144	-47	-45
Japan	7,274	8,152	8,300	635	31	12	1	4
Southeast Asia	1,015	975	—	90	43	-4	—	2
Indonesia	238	216	—	26	57	-9	—	10
Philippines	345	344	400	28	33	0	33	-16
Other East Asia	4,318	4,623	5,100	460	24	7	11	43
Taiwan	1,577	1,594	1,800	140	16	1	13	39
Korea, Rep.	2,250	2,453	2,700	249	33	9	8	44
Hong Kong	488	575	700	71	12	18	17	49
<b>AFRICA</b>	2,274	2,281	2,100	126	27	0	4	-18
North Africa	1,659	1,798	1,700	82	30	8	-5	-11
Morocco	193	216	—	9	-2	12	—	9
Algeria	537	549	600	27	120	2	20	-7
Egypt	786	955	700	38	3	21	-30	-23
Sub-Saharan	614	483	400	43	22	-21	-20	-27
Nigeria	44	30	—	1	-35	-31	—	-78
Rep. S. Africa	85	57	—	3	74	-34	—	-60
<b>LATIN AMERICA &amp; CARIBBEAN</b>	4,401	5,445	5,200	478	17	24	-4	3
Brazil	176	152	100	9	-58	-13	-33	-62
Caribbean Islands	867	1,007	—	84	5	16	—	-5
Central America	414	448	—	50	10	8	—	-23
Colombia	178	139	—	14	55	-22	—	-35
Mexico	1,726	2,763	2,700	230	42	60	-4	-6
Peru	174	81	—	11	24	-54	—	26
Venezuela	597	587	200	49	30	-2	-66	78
<b>CANADA</b>	1,973	2,182	3,400	348	11	11	-55	86
<b>OCEANIA</b>	237	268	300	29	3	13	0	21
<b>Total</b>	35,316	39,852	40,000	2,945	27	12	4	6
Developed countries	17,857	18,003	18,800	1,457	19	1	4	19
Less developed countries	14,347	16,432	16,500	1,343	25	16	1	5
Centrally planned countries	3,111	5,217	4,700	145	131	88	-10	-44

\*Fiscal years begin Oct. 1 & end Sept. 30. Fiscal year 1990 began Oct. 1, 1989 & ended Sept. 30, 1990. F = forecast. — = not available.  
 Note: Adjusted for transshipments through Canada.

Information contact: Stephen MacDonald (202) 219-0822.

## Farm Income

Table 32.—Farm Income Statistics

	Calendar year										
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990 F
	\$ billion										
1. Farm receipts	142.0	144.1	147.2	141.3	147.1	149.4	140.2	147.5	155.9	167	174 to 179
Crops (incl. net CCC loans)	71.7	72.5	72.3	67.2	69.9	74.3	63.7	65.6	71.4	75	79 to 82
Livestock	68.0	69.2	70.3	69.6	72.9	69.8	71.8	78.0	78.8	84	88 to 91
Farm related 1/	2.3	2.5	4.6	4.5	4.3	5.3	5.0	5.9	5.7	7	6 to 7
2. Direct Government payments	1.3	1.9	3.5	9.3	8.4	7.7	11.8	16.7	14.5	11	9 to 10
Cash payments	1.3	1.9	3.5	4.1	4.0	7.6	8.1	8.8	7.1	9	8 to 9
Value of PLK commodities	0.0	0.0	0.0	5.2	4.5	0.1	3.7	10.1	7.4	2	0 to 1
3. Total gross farm income (4+5+6) 2/	149.3	166.3	163.5	153.2	170.2	162.9	169.5	169.0	173.8	189	192 to 199
4. Gross cash income (1+2)	143.3	148.0	150.6	150.6	155.5	157.2	152.0	164.3	170.4	177	183 to 189
5. Nonmoney income 3/	12.3	13.8	14.3	13.5	13.4	8.0	6.9	7.5	7.5	7	7 to 8
6. Value of inventory change	-6.3	6.5	-1.4	-10.9	6.9	-2.3	-2.4	-2.8	-4.1	4	0 to 4
7. Cash expenses 4/	109.1	113.2	112.8	111.4	116.8	109.0	104.8	108.2	112.0	123	124 to 127
8. Total expenses	133.1	139.4	139.9	139.2	143.7	131.7	125.1	127.7	131.8	143	144 to 148
9. Net cash income (4-7)	34.2	32.8	37.8	39.2	35.8	48.2	47.2	60.1	58.4	55	59 to 63
10. Net farm income (3-8)	16.1	26.9	23.6	14.9	26.6	31.2	31.4	41.2	42.0	47	47 to 52
Deflated (1982\$)	16.8	28.6	23.6	14.3	24.6	28.1	27.6	35.1	34.6	37	35 to 40
11. Off-farm income	34.7	35.8	36.4	37.0	39.2	55.2	54.5	60.9	57.7	58	58 to 62
12. Loan changes 5/: Real estate	9.9	9.0	3.8	2.3	-1.1	-6.2	-7.8	-6.7	-4.6	-3	-2 to 0
13.       5/: Non-real estate	5.3	6.5	3.4	0.9	-0.8	-9.6	-11.0	-4.6	-0.3	0	0 to 1
14. Rental income plus monetary change	6.1	6.4	6.3	5.3	8.9	8.8	8.1	6.8	7.6	8	8 to 10
15. Capital expenditures 5/	18.0	18.8	13.3	12.7	12.5	9.2	8.5	11.1	11.1	13	12 to 15
16. Net cash flow (9+12+13+14-15)	37.6	37.8	38.1	32.7	31.3	31.9	28.1	40.6	50.3	47	52 to 59

1/ Income from machine hire, custom work, sales of forest products, & other miscellaneous cash sources. 2/ Numbers in parentheses indicate the combination of items required to calculate a given item. 3/ Value of home consumption of self-produced food & imputed gross rental value of farm dwellings. 4/ Excludes capital consumption, perquisites to hired labor, & farm household expenses. 1987 & 1988 expenses include preliminary revisions from the 1987 Census of Agriculture. 5/ Excludes farm households. Totals may not add because of rounding. F = forecast.

Information contact: Diane Bertelsen (202) 219-0809.

Table 33.—Balance Sheet of the U.S. Farming Sector

	Calendar year 1/										
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990 F
	\$ billion										
<b>Assets</b>											
Real estate	782.4	784.7	748.8	758.2	810.3	540.8	507.3	525.4	555.4	578	590 to 600
Non-real estate	201.8	197.8	198.0	191.9	197.8	186.2	180.8	190.5	204.6	213	215 to 225
Livestock & poultry	60.6	53.5	53.0	49.5	49.5	46.3	47.8	58.0	65.5	70	70 to 74
Machinery & motor vehicles	81.5	87.0	87.5	87.4	86.0	83.8	81.9	79.4	80.6	84	84 to 88
Crops stored 2/	33.0	29.1	27.7	23.9	29.7	22.9	16.7	18.0	23.0	24	22 to 26
Financial assets	26.7	28.2	29.8	30.9	32.6	33.3	34.5	35.1	35.5	37	35 to 39
Total farm assets	984.2	982.5	946.8	949.9	808.1	727.0	688.1	715.9	760.0	791	810 to 820
<b>Liabilities</b>											
Real estate debt 3/	89.6	98.7	102.5	104.8	94.9	88.6	80.8	74.1	66.7	67	64 to 68
Non-real estate debt 4/	77.1	83.6	87.0	87.9	87.1	77.5	66.6	62.0	61.7	62	60 to 64
Total farm debt	166.8	182.3	189.5	192.7	182.0	166.1	147.4	136.2	131.4	129	125 to 131
Total farm equity	817.4	800.2	757.3	757.2	626.1	560.9	540.7	579.7	628.6	662	685 to 695
	Percent										
<b>Selected ratios</b>											
Debt-to-assets	16.9	18.6	20.0	20.3	22.5	22.8	21.4	19.0	17.3	16	15 to 16
Debt-to-equity	20.4	22.8	25.0	25.4	29.1	29.6	27.3	23.5	20.9	20	18 to 19
Debt-to-net cash income	502	584	500	492	495	345	311	243	225	237	200 to 210

1/ As of Dec. 31. 2/ Non-CCC crops held on farms plus value above loan rates for crops held under CCC. 3/ Excludes debt on operator dwellings, but includes CCC storage and drying facilities loans. 4/ Excludes debt for nonfarm purposes. F = forecast.

Information contacts: Ken Erickson or Jim Ryan (202) 219-0798.

Table 34.—Cash Receipts From Farm Marketings, by State

Region & State	Livestock & products				Crops 1/				Total 1/			
	1988	1989	July 1990	Aug 1990	1988	1989	July 1990	Aug 1990	1988	1989	July 1990	Aug 1990
	\$ million 2/											
<b>NORTH ATLANTIC</b>												
Maine	217	215	15	16	197	233	9	12	414	447	24	28
New Hampshire	59	63	5	5	77	79	5	9	136	142	10	14
Vermont	351	375	33	34	51	51	6	2	401	426	40	36
Massachusetts	105	112	10	9	305	317	21	30	410	429	30	39
Rhode Island	13	13	1	1	66	66	3	2	79	79	4	3
Connecticut	183	186	15	16	214	218	15	14	398	404	30	30
New York	1,803	1,846	176	181	865	911	78	90	2,668	2,857	254	271
New Jersey	193	197	17	17	452	463	55	44	645	660	72	61
Pennsylvania	2,332	2,595	228	228	984	986	84	84	3,296	3,581	312	312
<b>NORTH CENTRAL</b>												
Ohio	1,584	1,698	147	157	1,980	2,114	202	138	3,564	3,812	348	295
Indiana	1,716	1,817	157	187	2,320	2,502	207	180	4,036	4,318	364	366
Illinois	2,255	2,252	231	219	3,927	4,458	319	383	6,182	6,710	550	603
Michigan	1,205	1,313	124	123	1,535	1,827	192	117	2,739	2,940	316	239
Wisconsin	4,215	4,337	424	397	764	941	104	129	4,980	5,278	528	526
Minnesota	3,418	3,716	333	346	2,649	2,809	219	226	6,067	6,526	552	572
Iowa	4,988	5,209	461	432	3,787	3,911	306	376	8,775	9,119	767	808
Missouri	2,012	2,168	171	180	1,746	1,732	87	97	3,758	3,900	258	277
North Dakota	851	842	30	43	1,507	1,465	168	153	2,358	2,108	198	196
South Dakota	2,050	2,108	141	182	895	884	98	87	2,945	2,992	239	268
Nebraska	5,390	5,643	427	511	2,409	2,878	217	196	7,800	8,521	643	706
Kansas	4,124	4,245	371	387	2,195	2,079	258	202	6,320	6,324	629	590
<b>SOUTHERN</b>												
Delaware	444	503	42	42	152	160	10	19	595	663	52	61
Maryland	768	870	66	65	457	476	45	25	1,224	1,346	110	90
Virginia	1,300	1,372	99	124	614	665	51	48	1,914	2,058	150	173
West Virginia	218	250	18	21	68	64	6	7	286	314	23	28
North Carolina	2,188	2,505	187	207	1,850	2,046	165	331	4,038	4,551	352	538
South Carolina	490	551	41	48	616	675	57	79	1,106	1,225	97	127
Georgia	2,016	2,270	182	198	1,554	1,598	95	115	3,570	3,889	277	313
Florida	1,132	1,221	104	126	4,688	4,982	173	159	5,820	6,203	277	285
Kentucky	1,530	1,670	306	107	980	1,258	48	29	2,510	2,928	354	136
Tennessee	1,056	1,060	93	103	877	861	37	32	1,933	1,921	130	135
Alabama	1,695	1,932	164	176	728	696	32	27	2,422	2,628	196	203
Mississippi	1,172	1,292	104	123	1,133	1,000	25	38	2,305	2,292	129	161
Arkansas	2,280	2,661	210	232	1,552	1,470	34	52	3,831	4,131	244	284
Louisiana	582	614	59	69	1,295	1,048	31	70	1,876	1,661	90	138
Oklahoma	2,243	2,409	232	232	1,112	1,185	127	114	3,354	3,594	358	348
Texas	6,562	6,863	644	657	3,689	3,897	281	388	10,251	10,760	925	1,043
<b>WESTERN</b>												
Montana	816	899	26	46	617	710	73	91	1,433	1,610	99	138
Idaho	1,039	1,046	89	91	1,285	1,670	95	131	2,324	2,715	184	222
Wyoming	584	669	23	38	177	186	12	17	761	856	35	56
Colorado	2,666	2,649	206	258	1,034	1,250	98	108	3,700	3,899	305	367
New Mexico	908	974	84	81	375	450	51	51	1,283	1,424	135	132
Arizona	792	744	63	67	1,177	1,158	59	38	1,969	1,902	122	105
Utah	528	574	48	54	173	174	14	14	701	748	63	67
Nevada	159	141	9	14	79	64	7	7	238	235	16	21
Washington	1,140	1,201	113	111	2,196	2,438	131	274	3,336	3,639	244	385
Oregon	673	739	68	68	1,508	1,558	172	181	2,182	2,297	240	249
California	4,682	5,093	470	473	11,970	12,422	873	932	16,652	17,515	1,343	1,405
Alaska	10	9	1	1	20	20	2	2	30	29	3	3
Hawaii	89	92	7	8	490	495	41	41	579	587	48	48
<b>UNITED STATES</b>	<b>78,821</b>	<b>83,724</b>	<b>7,272</b>	<b>7,513</b>	<b>71,372</b>	<b>75,449</b>	<b>5,495</b>	<b>5,989</b>	<b>150,192</b>	<b>159,173</b>	<b>12,767</b>	<b>13,502</b>

1/ Sales of farm products include receipts from commodities placed under CCC loans minus value of redemptions during the period. 2/ Estimates as of end of current month. Totals may not add because of rounding.

Information contact: Roger Strickland (202) 219-0806.



Table 35.—Cash Receipts From Farming

	Annual						1989	1990				
	1984	1985	1986	1987	1988	1989	Aug	Apr	May	June	July	Aug
	\$ million											
Farm marketing <sup>1</sup> & CCC loans <sup>2</sup>	142,784	144,114	135,197	141,653	150,192	150,173	12,412	11,821	12,424	12,881	12,767	13,502
Livestock & products	72,895	69,822	71,539	76,010	78,821	83,724	8,951	8,968	7,437	7,016	7,272	7,513
Meat animals	40,750	38,550	39,081	44,478	45,884	48,591	3,846	3,919	4,227	3,844	3,898	4,354
Dairy products	17,931	18,055	17,724	17,727	17,641	19,401	1,587	1,665	1,782	1,758	1,816	1,768
Poultry & eggs	12,245	11,209	12,701	11,517	12,867	15,348	1,348	1,227	1,268	1,245	1,178	1,238
Other	1,068	2,008	2,034	2,288	2,429	2,386	170	157	161	170	379	165
Crops	69,889	74,293	63,658	65,643	71,372	75,449	5,460	4,853	4,987	5,848	5,495	6,989
Food grains	9,731	8,990	5,741	5,780	7,484	8,073	876	293	428	1,481	1,077	913
Feed crops	16,138	22,591	16,912	14,543	14,305	16,656	1,260	1,220	1,366	1,510	1,495	1,599
Cotton (lint & seed)	3,674	3,687	3,371	4,189	4,548	4,740	88	170	197	120	119	235
Tobacco	2,813	2,699	1,921	1,826	1,980	2,381	482	18	0	0	174	439
Oil-bearing crops	13,641	12,475	10,614	11,284	13,537	12,172	417	538	505	616	465	543
Vegetables & melons	9,152	8,572	8,849	9,889	9,754	11,340	1,049	937	1,096	874	724	956
Fruits & tree nuts	6,734	6,948	7,248	8,058	8,139	9,020	657	456	480	650	803	868
Other	8,008	8,333	9,002	10,064	10,685	11,088	635	1,220	927	615	639	636
Government payments	8,430	7,704	11,813	16,747	14,480	10,887	130	1,215	836	151	50	97
Total	151,214	151,818	147,010	158,400	164,672	170,060	12,542	13,036	13,060	13,012	12,817	13,405

<sup>1</sup>Receipts from loans represent value of commodities placed under CCC loans minus value of redemptions during the month.

Information contact: Roger Strickland (202) 219-0806.

Table 36.—Farm Production Expenses<sup>1</sup>

	Calendar year										
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990 F
	\$ million										
Feed	20,971	20,855	18,592	20,371	20,239	17,247	17,875	17,958	20,820	22,722	21,000 to 24,000
Livestock	10,870	8,999	9,684	8,818	9,488	9,184	9,758	11,842	12,812	12,983	12,000 to 15,000
Seed	3,220	3,428	3,172	2,690	3,386	3,128	3,188	3,259	3,268	3,733	3,000 to 5,000
Farm-origin inputs	34,861	33,282	31,447	31,879	33,112	29,559	30,821	33,059	36,700	39,438	38,000 to 42,000
Fertilizer	9,410	9,409	8,018	6,959	8,574	7,509	8,813	6,453	6,776	7,554	6,000 to 8,000
Fuels & oils	7,879	8,570	7,734	7,214	7,308	6,446	5,318	4,970	4,932	5,341	5,000 to 7,000
Electricity	1,526	1,747	2,041	1,982	2,060	1,878	1,795	2,156	2,231	2,100	2,000 to 3,000
Pesticides	3,539	4,201	4,282	3,870	4,688	4,334	4,324	4,512	4,443	5,721	5,000 to 7,000
Manufactured inputs	22,434	23,927	22,076	20,024	22,629	20,163	18,250	18,090	18,390	20,717	20,000 to 23,000
Short-term interest	8,717	10,722	11,349	10,815	10,398	8,735	7,920	7,305	7,287	7,480	7,000 to 8,000
Real estate interest 1/	7,544	9,142	10,481	10,815	10,733	9,878	9,131	8,187	7,885	7,643	6,000 to 8,000
Total interest charges	16,261	19,864	21,830	21,430	21,129	18,613	17,052	15,492	15,172	15,123	14,000 to 15,000
Repair & maintenance 1/ 2/	7,075	7,021	6,428	6,529	6,730	6,558	6,485	6,828	8,889	7,794	7,000 to 9,000
Contract & hired labor	9,294	8,932	10,075	9,725	9,729	9,799	9,890	10,821	11,202	11,887	11,000 to 13,000
Machine hire & custom work	1,823	1,984	2,025	2,213	2,586	2,354	2,099	2,105	2,271	2,739	2,000 to 4,000
Marketing, storage, & transportation	3,070	3,523	4,301	3,904	4,012	4,127	3,652	3,988	3,281	4,214	4,000 to 6,000
Misc. operating expenses 1/	8,881	8,909	7,282	9,089	9,136	8,198	8,054	8,902	9,357	9,857	8,000 to 9,000
Other operating expenses	28,143	28,369	30,089	31,461	32,173	31,034	30,180	32,644	33,000	36,491	36,000 to 40,000
Capital consumption 1/	21,474	23,573	24,287	23,873	21,623	19,648	17,709	18,475	16,716	17,310	17,000 to 19,000
Taxes 1/	3,891	4,246	4,036	4,469	4,059	4,231	4,125	4,995	4,803	5,318	5,000 to 6,000
Net rent to nonoperator landlord	6,075	6,184	6,174	5,110	8,978	8,435	6,951	6,964	7,014	8,181	8,000 to 10,000
Other overhead expenses	31,440	34,003	34,497	33,452	34,680	32,314	28,785	28,434	28,533	30,807	31,000 to 34,000
Total production expenses	133,138	139,444	139,940	38,245	143,703	131,583	125,087	127,719	131,787	142,575	144,000 to 148,000

1/ Includes operator dwellings. 2/ Beginning in 1982, miscellaneous operating expenses include other livestock purchases & dairy assessments. Totals may not add because of rounding. F = forecast. 1987 & 1988 expenses include preliminary revisions from the Census of Agriculture.

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Table 37.—CCC Net Outlays by Commodity &amp; Function

COMMODITY/PROGRAM	Fiscal year									
	1982	1983	1984	1985	1986	1987	1988	1989	1990 E	1991 E
	\$ million									
<b>Feed grains</b>										
Corn	4,281	5,720	-934	4,403	10,524	12,346	8,227	2,863	2,638	1,865
Grain sorghum	988	814	76	463	1,165	1,203	764	467	433	222
Barley	129	268	89	338	471	394	57	45	-88	37
Oats	-1	11	5	2	26	17	-2	1	-7	0
Corn & oat products	0	2	6	7	5	7	7	8	8	9
Total feed grains	5,397	6,815	-758	5,211	12,211	13,967	9,053	3,384	2,984	1,933
Wheat	2,238	3,419	2,536	4,691	3,440	2,836	678	53	576	1,951
Rice	164	664	333	990	947	906	128	631	701	669
Upland cotton	1,190	1,363	244	1,553	2,142	1,786	666	1,461	-109	434
Tobacco	103	880	346	455	253	-346	-453	-367	-242	-223
Dairy	2,182	2,528	1,502	2,085	2,337	1,166	1,295	679	423	446
Soybeans	169	288	-585	711	1,597	-476	-1,676	-86	116	50
Peanuts	12	-6	1	12	32	8	7	13	-6	3
Sugar	-5	49	10	184	214	-85	-246	-25	0	0
Honey	27	48	90	81	89	73	100	42	63	50
Wool	54	94	132	109	123	152	1/ 5	93	112	167
Operating expense 3/	294	328	362	346	457	535	614	620	627	634
Interest expenditure	-13	3,525	1,064	1,435	1,411	1,219	395	65	653	527
Export programs 4/	65	398	743	134	102	276	200	-102	-39	67
1989/89 Disaster/										
Livestock Assistance	0	0	0	0	0	0	0	3,919	2/ 196	76
Other	-225	-1,542	1,295	-314	486	371	1,695	143	687	867
<b>Total</b>	<b>11,652</b>	<b>18,851</b>	<b>7,315</b>	<b>17,683</b>	<b>25,841</b>	<b>22,408</b>	<b>12,461</b>	<b>10,523</b>	<b>6,742</b>	<b>7,651</b>
<b>FUNCTION</b>										
Price-support loans (net)	7,015	6,438	-27	6,272	13,826	12,199	4,579	-926	-276	197
Direct payments										
Deficiency	1,185	2,780	612	6,302	6,166	4,833	3,971	5,798	4,158	4,584
Diversion	0	705	1,504	1,525	64	382	8	-1	0	0
Dairy termination	0	0	0	0	489	567	260	168	178	100
Other	0	0	0	0	27	60	0	42	1	11
Disaster	306	115	1	0	0	0	6	4	0	0
Total direct payments	1,491	3,600	2,117	7,627	6,746	5,862	4,245	6,011	4,337	4,695
1988/89 crop disaster	0	0	0	0	0	0	0	3,386	2/ 16	0
Emergency livestock/										
forage assistance	16	0	0	0	0	0	31	533	180	76
Purchases (net)	2,031	2,540	1,470	1,331	1,670	-479	-1,131	116	-122	37
Producer storage										
payments	679	964	268	329	485	832	658	174	175	27
Processing, storage,										
& transportation	355	665	639	657	1,013	1,659	1,113	659	380	306
Operating expense 3/	294	328	362	346	457	535	614	620	627	634
Interest expenditure	-13	3,525	1,064	1,435	1,411	1,219	395	65	653	527
Export programs 4/	65	398	743	134	102	276	200	-102	-39	67
Other	-281	-1,607	679	-648	329	305	1,757	-13	811	1,085
<b>Total</b>	<b>11,652</b>	<b>18,851</b>	<b>7,315</b>	<b>17,683</b>	<b>25,841</b>	<b>22,408</b>	<b>12,461</b>	<b>10,523</b>	<b>6,742</b>	<b>7,651</b>

1/ Fiscal 1988 wool & mohair program outlays were \$130,635,000 but include a one-time advance appropriation of \$126,108,000, which was recorded as a wool program receipt by Treasury. 2/ Benefits to farmers under the Disaster Assistance Act of 1989 are being paid in generic certificates, & are not recorded directly as disaster assistance outlays. 3/ Does not include CCC Transfers to General Sales Manager. 4/ Includes Export Guarantee Program, Direct Export Credit Program, & CCC Transfers to the General Sales Manager. E = Estimated in the fiscal 1991 Mid-Session Review based on June, 1990 supply and demand estimates. Minus (-) indicates a net receipt (excess of repayments or other receipts over gross outlays of funds).

## Food Expenditures

**Table 38.—Food Expenditure Estimates**

	Annual			1990			1990 year-to-date		
	1987	1988	1989	July	Aug P	Sept P	July	Aug P	Sept P
\$ billion									
Sales 1/									
Off-premise use 2/	245.844	257.881	278,244	24.8	25.2	24.0	166.8	191.8	215.8
Meals & snacks 3/	179,189	198,630	203,599	19.5	20.1	18.5	128.1	146.1	164.8
1989 \$ billion									
Sales 1/									
Off-premise use 2/	273.160	273,947	278,372	23.2	23.8	22.4	157.2	180.8	203.2
Meals & snacks 3/	195,095	202,533	203,565	18.8	19.0	17.5	121.3	140.4	157.9
Percent change from year earlier (\$ bil.)									
Sales 1/									
Off-premise use 2/	3.8	4.9	7.1	3.5	5.9	3.2	5.8	5.7	5.4
Meals & snacks 3/	10.8	9.7	5.1	7.7	9.0	7.8	7.5	7.7	7.7
Percent change from year earlier (1989 \$ bil.)									
Sales 1/									
Off-premise use 2/	-0.8	0.3	0.9	-2.5	-0.3	-2.9	-1.2	-1.1	-1.3
Meals & snacks 3/	8.5	3.8	0.5	2.8	4.0	3.0	2.8	2.9	2.8

1/ Food only (excludes alcoholic beverages). Not seasonally adjusted. 2/ Excludes donations & home production. 3/ Excludes donations, child nutrition subsidies, & meals furnished to employees, patients, & inmates. R = revised. P = preliminary.

NOTE: This table differs from Personal Consumption Expenditures (PCE), table 2, for several reasons: (1) this series includes only food not alcoholic beverages & pet food which are included in PCE; (2) this series is not seasonally adjusted, whereas PCE is seasonally adjusted at annual rates; (3) this series reports sales only, but PCE includes food produced & consumed on farms & food furnished to employees; (4) this series includes all sales of meals & snacks. PCE includes only purchases using personal funds, excluding business travel & entertainment. For a more complete discussion of the differences, see "Developing an Integrated Information System for the Food Sector," Agr.-Econ. Rpt. No. 575, Aug 1987.

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## Transportation

**Table 39.—Rail Rates; Grain & Fruit/Vegetable Shipments**

	Annual			1989	1990					
	1987	1988	1989	Sept	Apr	May	June	July	Aug	Sept
Rail freight rate index 1/ (Dec. 1984=100)										
All products	100.1	104.8	108.4	108.8	107.1	107.3 P	107.0 P	107.0 P	107.1 P	107.1 P
Farm products	99.3	105.8	108.4	108.2	109.9	110.1 P	109.2 P	109.5 P	110.7 P	111.7 P
Grain	98.7	105.4	108.7	108.4	109.7	110.0 P	108.9 P	109.0 P	110.5 P	111.0 P
Food products	98.8	103.2	103.9	104.4	105.2	105.4 P	104.5 P	104.3 P	104.4 P	104.4 P
Grain shipments										
Rail carloadings (1,000 cars) 2/	29.0	30.7	28.4	24.4	27.9 P	25.8 P	27.9 P	25.6 P	26.8 P	24.0 P
Fresh fruit & vegetable shipments										
Piggy back (1,000 cwt) 3/ 4/	588	535	504	485	401	598	572	438	338	409
Rail (1,000 cwt) 3/ 4/	680	607	598	508	452	590	802	414	183	394
Truck (1,000 cwt) 3/ 4/	9,137	9,679	9,731	8,305	10,179	11,846	12,749	9,981	9,038	8,669
Cost of operating trucks										
hauling produce 5/										
Owner operator (cts./mile)	116.3	118.7	124.1	124.3	127.5	127.2	126.4	126.8	133.9	135.4
Fleet operation (cts./mile)	116.5	118.4	123.4	123.4	127.1	126.7	125.8	126.7	135.5	135.1

1/ Department of Labor, Bureau of Labor Statistics. 2/ Weekly average; from Association of American Railroads. 3/ Weekly average; from Agricultural Marketing Service, USDA. 4/ Preliminary data for 1989 & 1990. 5/ Office of Transportation, USDA. P = preliminary.

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## Indicators of Farm Productivity

Table 40.—Indexes of Farm Production Input Use & Productivity

	1981	1982	1983	1984	1985	1986	1987	1988	1989 2/	1990 2/
	1977=100									
Farm output	118	116	96	112	118	111	110	102	111	117
All livestock products 3/	109	107	109	107	110	110	113	116	116	117
Meat animals	108	101	104	101	102	100	102	104	103	101
Dairy products	108	110	114	110	117	116	116	118	118	120
Poultry & eggs	119	119	120	123	128	133	144	150	156	165
All crops 4/	117	117	88	111	118	109	106	92	108	111
Feed grains	121	122	87	116	134	123	106	73	108	115
Hay & forage	106	109	100	107	106	106	102	89	101	102
Food grains	144	138	117	129	121	106	107	98	107	138
Sugar crops	107	96	93	95	97	106	111	105	106	102
Cotton	109	85	55	91	94	89	103	107	86	102
Tobacco	108	104	75	90	81	83	62	72	74	81
Oil crops	114	121	91	106	117	110	108	89	106	102
Cropland used for crops	102	101	88	99	98	94	88	86	90	—
Crop production per acre	115	116	100	112	120	116	122	107	119	—
Farm input 5/	102	99	97	95	92	87	86	85	—	—
Farm real estate	104	102	101	97	95	93	92	91	—	—
Mechanical power & machinery	98	92	88	84	80	75	72	71	—	—
Agricultural chemicals	129	116	105	121	123	110	111	113	—	—
Feed, seed, & livestock purchases	108	108	110	106	106	103	111	107	—	—
Farm output per unit of input	116	117	99	119	128	127	128	120	—	—
Output per hour of labor										
Farm 6/	123	125	99	121	139	139	142	134	—	—
Nonfarm 7/	100	99	102	105	106	108	109	111	—	—

1/ For historical data & indexes, see Economic Indicators of the Farm Sector: Production & Efficiency Statistics, 1986, ECIFS 5-8. 2/ Preliminary indexes for 1989 based on Crop Production: 1989 Summary, released in January 1990, & unpublished data from the Agricultural Statistics Board, NASS. 3/ Gross livestock production includes minor livestock products not included in the separate groups shown. It cannot be added to gross crop production to compute farm output. 4/ Gross crop production includes some miscellaneous crops not in the separate groups shown. It cannot be added to gross livestock production to compute farm output. 5/ Includes other items not included in the separate groups shown. 6/ Economic Research Service. 7/ Bureau of Labor Statistics. — = not available.

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